BREM HOLDING BERHAD (66756-P)

Incorporated In Malaysia

2018 ANNUAL REPORT

DELIVERING QUALITY & GROWTH

ABOUT US

Looking back into history, the foundation of Brem was laid in 1981 when the enterprising Tan Sri Dato' Khoo Chai Kaa established a private limited company venturing into construction business. The founder's foresight, sharp vision and sound management coupled with plenty of efforts in the years that followed has made Brem grown rapidly and strategically, and evolved into a group of companies involving in civil engineering, general construction, property development and related businesses.

Brem was standing among the larger construction companies in the country when it was listed in 1993 in the Bursa Malaysia Securities Berhad.

BUILD | BALANCE | BEYOND

is **Brem's motto** fostering and steering our team forward holding fast to our beliefs. The success stories of the Group with remarkable project track record lie in its strength of experienced management team, construction expertise and commitment to quality.

BUILD

To Build is our expertise

The Group has vast construction experiences and has successfully undertaken a wide variety of projects for both the Government and Private sectors, ranging from road works and a variety of infrastructure projects to drainage and sewerage works, construction of residential, commercial and industrial buildings. The team is moulded to be ready to take on any form of construction work with what is in our gene.

BALANCE

Balance in innovation and affordability

With innovative mind in fulfilling commitments, we are able to manage and juggle well every major aspect of our businesses including sustainable development and shareholders' welfares, and at the same time have enabled many families' dream home come true by making available affordable homes.

BEYOND

Beyond with sustainable development in mind

Green ideas are in our mind. As a caring Developer with fore vision, we strongly stand for Green ideas and Sustainable Building. Going Green in development will be the way Brem Group advancing into the future.

OUR BUSINESSES

CIVIL ENGINEERING & CONSTRUCTION

PROPERTY INVESTMENT & INVESTMENT HOLDING

PROPERTY DEVELOPMENT

WATER SUPPLY & SERVICES

CONTENTS

ANNUAL GENERAL MEETING

Venue:

Crown Hall, 1st Floor,
Crystal Crown Hotel,
No. 12, Lorong Utara A,
Off Jalan Utara,
46200 Petaling Jaya,
Selangor Darul Ehsan.

Date:

20th September 2018

Time:

10.30 a.m.

37th

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Seventh (37th) Annual General Meeting ("AGM") of Brem Holding Berhad ("Brem" or "the Company") will be held at Crown Hall, 1st Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 September 2018, at 10.30 a.m. for the transaction of the following businesses:-

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of the Directors and the Auditors thereon. (Refer Note 7(a))

2. To approve the payment of Directors' fees of RM105,000/- in respect of the financial year ended 31 March 2018. (Resolution 1)

3. To approve the payment of Directors' benefit up to an amount of RM120,000/- from the 37th AGM until the 38th AGM of the Company. (Resolution 2)

4. To re-elect Mr. Low Yew Hwa who is retiring pursuant to Article 80 of the Company's Articles of Association. (Resolution 3)

   Mr. Khoo Chai Thiam who is retiring pursuant to Article 80 of the Company's Articles of Association, will be retiring at the conclusion of this 37th AGM. (Refer Note 7 (c))

5. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 4)

6. As Special Businesses:-
   To consider and, if thought fit, to pass the following Ordinary Resolutions:-

   a. **Authority To Allot Shares Pursuant To Sections 75 and 76 Of The Companies Act, 2016** (Resolution 5)

   "THAT subject always to the Companies Act 2016, Articles of Association of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of any other relevant governmental/regulatory bodies where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten percent (10%) of the total number of issued shares for the time being of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a General Meeting."

   b. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Resolution 6)

   "THAT, subject to the provisions of the MMLR of Bursa Securities, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") for the Company and/or its subsidiary companies ("the Group") to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading nature from time to time with the Related Party as specified in Part A - Section 2.3 of the Circular to Shareholders dated 31 July 2018 ("Circular") provided that such transactions are:

   i. recurrent transactions of a revenue or trading nature;
   ii. necessary for the day-to-day operations;
   iii. undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
   iv. are not prejudicial to the minority shareholders of the Company.

Notice of Annual General Meeting

THAT such approval shall continue to be in force until: -

i. the conclusion of the next AGM of the Company following this AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse unless by a resolution passed at a general meeting, the authority is renewed;
ii. the expiration of the period within which the next AGM to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
iii. is revoked or varied by resolution passed by shareholders in a general meeting;

whichever is the earliest,

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

c. Proposed Renewal of Authority for Share Buy-Back (Resolution 7)

"THAT, subject to compliance with Section 127 of the Companies Act, 2016, the Memorandum and Articles of Association of the Company, the MMLR of Bursa Securities and all other applicable laws, regulations, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

AND THAT upon completion of the purchase by the Company of its own shares , the Directors are authorised to retain the shares as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder AND THAT the Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company's shareholders or to deal with the treasury shares in the manners as allowed by the Act;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

i. the conclusion of the next AGM of the Company following at which time the authority shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
ii. the expiration of the period within which the next AGM is required by law to be held; or
iii. revoked or varied by ordinary resolution passed by the shareholders at a general meeting.

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provision of the Listing Requirements and any other relevant authorities AND THAT authority be and is hereby given to Directors of the Company to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

d. Proposed Provision of Financial Assistance (Resolution 8)

"THAT approval be hereby given for the Company and/or its subsidiaries to provide financial assistance to its 49% associate company, GJH Ventures Sdn. Bhd. ("GJHV") in the form of advances to meet the working capital requirements for projects of GJHV's 100% owned subsidiary as detailed in the Circular to Shareholders dated 31 July 2018 ("Proposed Provision of Financial Assistance");

Notice of Annual General Meeting

AND THAT the Directors of the Company be authorised to give effect to the Proposed Provision of Financial Assistance with full powers to do all such acts as they may consider necessary or expedient or in the best interest of the Company so as to give full effect to the same with further power to assent to any condition, modification, variation and/or amendment as may be required by the relevant authorities, bodies and/ or parties and to take all steps and do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Provision of Financial Assistance."

e. **Continuing In Office of Mr. Wong Miow Song As Independent Non-Executive Director** (Resolution 9)

"THAT approval be and is hereby given to Mr. Wong Miow Song who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

f. **Continuing In Office of Dato' Hj. Abu Sujak bin Hj. Mahmud As Independent Non-Executive Director** (Resolution 10)

"THAT approval be and is hereby given to Dato' Hj. Abu Sujak bin Hj. Mahmud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

7. To transact any other business for which due notice shall have been given.

By Order of the Board,

ANDREA HUONG JIA MEI (MIA 36347)
Company Secretary

Kuala Lumpur
31 July 2018

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

2. Where a member is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.

3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of the officer or attorney duly authorised.

4. The Form of Proxy must be deposited at the Company's Registered Office at 3rd Floor, BREM House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.

5. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the Resolutions set out in this Notice will be put to vote by poll.

6. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the MMLR of Bursa Securities, a Record of Depositors as at 12 September 2018 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

7. **Explanatory Notes on Ordinary and Special Business: -**

   a. **Audited Financial Statements for financial year ended 31 March 2018**
   The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this agenda is not put forward for voting by shareholders of the Company.

Notice of Annual General Meeting

b. Payment of Directors' Benefit
Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting.

The proposed Directors Benefits payable comprise allowances and other benefits. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting from 21 September 2018 (being the day after the 37th AGM) until the 38th AGM. In the event, the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

c. Retirement of Director
Article 80 of the Company's Articles of Association states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Mr. Khoo Chai Thiam who is retiring pursuant to Article 80 of the Company's Articles of Association, has indicated that he does not wish to seek for re-election at this 37th AGM of the Company. Hence , he shall cease to be a Director of the Company at the conclusion of the 37th AGM.

d. Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016
Resolution No. 5 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by shareholders at the last year's AGM ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed Resolution No. 5, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding ten percent (10%) of the total number of issued shares of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

The renewed mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

e. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Resolution No. 6, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from the shareholders of the Company at a general meeting. For further information, please refer to Part A of the Circular to Shareholders dated 31 July 2018, which is circulated together with this Annual Report.

f. Proposed Renewal of Authority for Share Buy-Back
Resolution No. 7, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM. For further information, please refer to Part B of the Circular to Shareholders dated 31 July 2018 which is circulated together with this Annual Report.

g. Proposed Provision of Financial Assistance
Resolution No. 8, if passed, will empower the Company and/or its subsidiaries to provide financial assistance to GJHV in the form of advances to meet the working capital requirements for projects of GJHV's 100% owned subsidiary ("Proposed Provision of Financial Assistance"). For further information, please refer to Part C of the Circular to Shareholders dated 31 July 2018 which is circulated together with this Annual Report.

h. Resolutions No. 9 and 10
The proposed Ordinary Resolutions No. 9 and 10 if passed, will allow Mr. Wong Miow Song and Dato' Hj. Abu Sujak bin Hj. Mahmud to be retained as Independent Non-Executive Directors ("INEDs") of the Company. The Board of Directors had, vide the Nomination Committee assessed the independence of Mr Wong Miow Song and Dato Hj. Abu Sujak bin Hj. Mahmud, who have served as INEDs of the Company for a cumulative term of more than twelve (12) years and had recommended them to continue to act as an INEDs of the Company. The justifications of the Board of Directors for recommending and supporting the resolutions for them to continue in office as INEDs are set out under the Corporate Governance Overview Statement in the Company's 2018 Annual Report.

Resolutions No. 9 & 10 if passed, will authorise Mr. Wong Miow Song and Dato' Hj. Abu Sujak bin Hj. Mahmud to continue in office as INEDs of the Company until the conclusion of the next AGM of the Company.

Personal data privacy: -
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hj. Abu Sujak Bin Hj. Mahmud	*(Independent Non-Executive Chairman)*
Tan Sri Dato' Khoo Chai Kaa	*(Managing Director)*
Khoo Chai Thiam	*(Executive Director)*
Low Yew Hwa	*(Non-Independent Non-Executive Director)*
Wong Miow Song	*(Independent Non-Executive Director)*
Khoo Hui Keam	*(Non-Independent Non-Executive Director)*
Khoo Hui Giok	*(Non-Independent Non-Executive Director)*

COMMITTEES

AUDIT
Wong Miow Song *(Chairman)*
Dato' Hj. Abu Sujak Bin Hj. Mahmud
Khoo Hui Giok

NOMINATION
Wong Miow Song *(Chairman)*
Dato' Hj. Abu Sujak Bin Hj. Mahmud
Khoo Hui Giok

REMUNERATION
Dato' Hj. Abu Sujak Bin Hj. Mahmud *(Chairman)*
Tan Sri Dato' Khoo Chai Kaa
Wong Miow Song

COMPANY SECRETARY
Andrea Huong Jia Mei (MIA 36347)

REGISTERED OFFICE
3rd Floor, BREM House,
Crystal Crown Hotel,
No. 12, Lorong Utara A,
Off Jalan Utara,
46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel : (03) 7958 7888
Fax : (03) 7958 1533
Website : www.bremholding.com

AUDITORS
Baker Tilly Monteiro Heng
Chartered Accountants

PRINCIPAL BANKERS
Malayan Banking Berhad
Alliance Bank Malaysia Berhad

REGISTRARS
Insurban Corporate Services Sdn. Bhd.,
149-B, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.
Tel : (03) 7729 5529
Fax : (03) 7728 5948

SOLICITORS
Kamarudin & Partners
HK Ang & Partners

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market

CORPORATE STRUCTURE

BREM HOLDING BERHAD
(66756-P)

- 100% Global Water Sdn Bhd
  - 51% PNG Water Limited
- 50.25% Brem Maju Sdn Bhd
  - 99.99% Brem Maju (PNG) Limited
- 100% Brem Construction Sdn Bhd
- 100% Brem Aluminium & Glass Sdn Bhd
- 70% Brem Oversea Investments Pte Ltd
- 100% Naga Istimewa Sdn Bhd
  - 49% Topaz Teguh Sdn Bhd
- 75% Harmony Property Sdn Bhd
- 100% Cosmo-One Realty Sdn Bhd
- 100% Intan Kemuncak Sdn Bhd
- 48.33% Titi Kaya Sdn Bhd
  - 100% Eng Ann Realty Co (Klang) Sdn Bhd
  - 60% Wonderful Perfection Sdn Bhd
- 49% GJH Ventures Sdn Bhd
- 49% GJH Prestige Sdn Bhd

Subsidiary

Associated

PROFILE OF THE BOARD OF DIRECTORS

DATO' HJ. ABU SUJAK BIN HJ. MAHMUD, DSSA, KMN, PPT, PJK

(Independent Non-Executive Director)

AGED **78** I MALE I MALAYSIAN

Dato' Hj. Abu Sujak Bin Hj. Mahmud, was appointed to the Board of the Company on 4 January 2006 as Independent Non-Executive Director. He began his career as an audit clerk in Jabatan Pembangunan Koperasi Malaysia in 1958. He then joined the Maktab Perguruan Bahasa in 1960 and then taught for a period of five (5) years before pursuing his degree in the University of Malaya. He obtained Bachelor of Arts in Malay Studies in 1970. In 1971, he joined Dewan Bandaraya Kuala Lumpur and subsequently was appointed as Secretary of Majlis Perbandaran Klang and Majlis Perbandaran Shah Alam. In 1986, he was chosen to stand for election, which marked his career as a politician. He served as a member of the Selangor State Legislative Council for three (3) terms and was also a member of the Selangor State Executive Council from 1986 to 1995. He was also appointed as Timbalan Menteri Besar Selangor Darul Ehsan in 1990 until 1995. In the year 2000, he was appointed as the Datuk Bandar Majlis Bandaraya Shah Alam and was in office until 2002. Dato' was elected Chairman of the Board of Directors on the 28 July 2010. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of Brem Holding Berhad.

TAN SRI DATO' KHOO CHAI KAA, P.S.M, DIMP

(Managing Director)

AGED **67** I MALE I MALAYSIAN

Tan Sri Dato' Khoo Chai Kaa, is the Managing Director of the Company and a founder member of the Brem Holding Group. He has been a Director of the Company since its incorporation on 21 January 1981. Tan Sri Dato' Khoo holds a Bachelor of Science degree in Civil Engineering and Building from the United Kingdom. He has over 40 years of experience in the construction and property development sectors as well as vast experience in hotel industry. He has also attained a wide experience in heavy machinery know-how. He also sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies. Tan Sri Dato' Khoo is a member of the Remuneration Committee of Brem Holding Berhad. He is the father of Khoo Hui Keam and Khoo Hui Giok and the brother of Khoo Chai Thiam.

KHOO CHAI THIAM

(Executive Director)

AGED **56** I MALE I MALAYSIAN

Khoo Chai Thiam, was appointed to the Board of the Company on 12 October 1982. He has been conferred the award of Executive Diploma in Engineering Business Management and has over 36 years of experience in the construction sector. He is also the Project Manager of Brem Maju Sdn. Bhd., being responsible for project coordination and is in charge of the overall work progress and staffing. He also sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies. He is the brother of Tan Sri Dato' Khoo Chai Kaa and the uncle of Khoo Hui Keam and Khoo Hui Giok.

Profile of the Board of Directors

LOW YEW HWA

(Non-Independent Non-Executive Director)

AGED **62** | MALE | MALAYSIAN

Low Yew Hwa, has been with the Company since year 1989. He was appointed to the Board of the Company on 24 August 1992. Mr. Low is a qualified Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. He sits on the Board of some of the subsidiary companies of Brem Holding Berhad and several other private limited companies.

KHOO HUI GIOK

(Non-Independent Non-Executive Director)

AGED **40** | FEMALE | MALAYSIAN

Khoo Hui Giok, was appointed to the Board of the Company on 26 May 2008 as a Non-Independent Non-Executive Director. She holds a Bachelor of Business Accounting, Charles Sturt University. She is a certified practicing accountant of CPA Australia and a member of the Malaysian Institute of Accountants. She has over 16 years of experience in financial management. Currently she is a financial controller of a chain of hotels in Malaysia. She is also a member of the Audit Committee and Nomination Committee of Brem Holding Berhad. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the niece of Khoo Chai Thiam.

KHOO HUI KEAM

(Non-Independent Non-Executive Director)

AGED **42** | FEMALE | MALAYSIAN

Khoo Hui Keam, was appointed to the Board of the Company on 26 November 2007 as a Non-Independent Non-Executive Director. She holds a Bachelor Degree in Business majoring in banking from Nanyang Technology University (NTU) of Singapore. She has been in the banking industry for many years before joining the Group as an Operating Manager of a subsidiary. Currently, she is the Chief Operating Officer of Crystal Crown Hotel & Resort, which has 5 hotels across Malaysia under its group. She is the daughter of Tan Sri Dato' Khoo Chai Kaa and the niece of Khoo Chai Thiam.

WONG MIOW SONG

(Independent Non-Executive Director)

AGED **67** | MALE | MALAYSIAN

Wong Miow Song, was appointed to the Board of the Company on 24 May 2001 as an Independent Non-Executive Director. He was also elected as Chairman of the Audit Committee of the Company with effect from 24 May 2001. He holds a Bachelor of Engineering (Honours) degree in Civil Engineering from University of Malaya. He has over 40 years of experience in building construction and housing development. Currently he is a director of a private construction company involved in the construction of houses, shop houses and apartments in Klang Valley area. He is a member of The Institution of Engineers, Malaysia and a professional engineer with practising certificate registered with the Board of Engineers, Malaysia. He is the Chairman of the Audit Committee and Nomination Committee and also a member of the Remuneration Committee of Brem Holding Berhad.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DATO' KHOO CHAI KAA, P.S.M, DIMP

(Managing Director)

AGED **67** I MALE I MALAYSIAN

Please refer to page 8 of this Annual Report for his profile.

LOW YEW HWA

(Non-Independent Non-Executive Director)

AGED **62** I MALE I MALAYSIAN

Please refer to page 9 of this Annual Report for his profile.

NEOH WEE HONG

(Accountant)

AGED **51** I MALE I MALAYSIAN

Neoh Wee Hong, is an Accountant of the Company since November 2017. He graduated from ACCA and is a member of the Malaysian Institute of Accountants. He has over 25 years of experience at middle and senior management in financial and management accounting, consolidation of accounts, taxation, internal audit, process reviews & documentation, system evaluations, share margin financing, credit control and IT project implementation. His past experience was from manufacturing, oil & gas, multi-level marketing and financial industries.

ADDITIONAL INFORMATION

Other directorship of public companies

None of the director of the Company has any directorship in other public companies.

Family relationship of directors and/or Major Shareholders

There is no family relationship among the directors and/or major shareholders except that:-

a. Tan Sri Dato' Khoo Chai Kaa and Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are father and daughters;
b. Ms. Khoo Hui Keam and Ms. Khoo Hui Giok are sisters; and,
c. Tan Sri Dato' Khoo Chai Kaa and Mr. Khoo Chai Thiam are brothers.

Conflict of interest with the company

Other than the recurrent transactions of revenue or trading nature which are necessary for the Company day-to-day operations, none of the directors has conflict of interest with the Company.

List of convictions for offences

None of the director has:

a. been convicted of any offences within the past five (5) years other than traffic offences; or,
b. been imposed with any public sanction or penalty.

Material Contract involving Directors and Major Shareholders

There is no material contract (not being contract entered into in the ordinary course of business) of the Company and its subsidiaries, involving directors' and major shareholders' interests, still subsisting at the end of the financial year.

Revaluation Policy

The Group does not adopt a policy on regular revaluation of its landed properties.

Audit and Non-Audit Fees

The Audit and Non-audit fees payable to the External Auditors in relation to the audit services rendered to the Company and on a group basis respectively for the financial year ended 31 March 2018 are as follows:

	The Company RM	The Group RM
Audit Fees	119,100	269,236
Non Audit Services	5,500	5,500

Recurrent Related Party Transaction of a Revenue or Trading Nature

On 20 September 2017, the Company obtained approval from the shareholders of the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("recurrent transactions") with persons who are considered to be "Related Party" as defined in Chapter 10 of the Listing Requirements.

The breakdown of the aggregate value paid/payable of the recurrent transactions made during the financial year are set out below:

Nature /Type of Transactions	Supplier	Customer	Interested Director/ Major Shareholder or Person Connected	RM
Construction Contracts	Sinn Huat Construction Sdn. Bhd.	Brem Holding Berhad	Puan Sri Datin Lee Lei Choo Lee Kok Ting	2,084,319
Construction Contracts	Sinn Huat Construction Sdn. Bhd.	Brem Maju Sdn Bhd	Puan Sri Datin Lee Lei Choo Lee Kok Ting	13,372,568

Relationship of Related Parties with Brem Holding Berhad ("Brem") as at the financial year ended 31 March 2018:

Names of Related Party	Relationship
Sinn Huat Construction Sdn. Bhd.	No relationship except for the Director and Major Shareholder of the Company is related to a major shareholder of Brem

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made in pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad with regard to the disclosure of the Group's state of risk management and internal control. In making this Statement, the Board has considered the new Malaysian Code on Corporate Governance and was guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines").

BOARD AND MANAGEMENT RESPONSIBILITIES IN RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands the principal risks of the business that the Group involves. Functionally, risk management are the responsibility of all executive directors and management staff members. The Executive Directors and Senior Management organise informal meetings and discussions to discuss and manage business risk of the Group and ensure that businesses are under control.

The Audit Committee is instituted by the Board to the review the systems of internal control of the Group. The Audit Committee reviews the adequacy and effectiveness of internal controls based on the internal audits conducted by the Internal Auditors during the year. The Internal Auditors present the internal audit report to the Audit Committee. Audit issues and action taken by management to address the issues are discussed in detail during these meetings. In addition, the Audit Committee obtains feedback from the External Auditors on the audit risk and control issues highlighted by them in the course of their statutory audit.

Management from accounts and finance function supplements the Audit Committee's review on control and risk when presenting their quarterly financial performance and results to the Audit Committee. With management's consultation, the Audit Committee reviews the interim financial results in corroboration with the business development and the performance of its subsidiaries as well as the integrity of the financial results, Annual Report and audited financial statements.

The Board is aware of the COSO Enterprise Risk Management framework and the ISO31000 standard on risk management which are the internationally recognised risk management framework presently. The Board will review and adopt one of these frameworks and embed it into its risk management processes going forward. The Board will also enhance its current risk management by defining and formalising risk appetite which will be used as parameters for assessment of the risk across its segmental businesses.

The key focus of the Group risk management presently is on the project management and site safety for the construction operation in order to ensure timely progress and delivery of each project. With respect to the property development division, the focus is on completing the on-going project and improving its revenue and cash flows.

In considering the effectiveness of the risk management and systems of internal control, the Board uses the following processes and information to derive its comfort which are in place during the financial year under review up to the date of approval of this Statement:

- Quarterly review of financial information covering financial performance and quarterly financial results;
- Operational information and updates provided by management during the board meetings;
- Audit Committee's review and consultation with management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of systems of internal control from the Internal Auditors;
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects; and
- Director representations in the boards of the companies in which the Group has investment; if any.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROL

At management level, the key internal controls and its review mechanisms are as follows:

i. Job description, authority and responsibility for each functional division and process and procedure for core business activities;

ii. Limit of authority and approval facilitating delegation of authority;

iii. Operational procedures are established for the property development and construction activities under the requirements of ISO 9001:2008;

iv. Management information systems generating financial data and information for reporting and monitoring purposes; and

v. Project planning, monitoring and reporting procedures ensuring timely completion of projects and achievement of business targets.

MANAGEMENT ACCOUNTABILITY AND ASSURANCE

Management is accountable to the Board for identifying risks relevant to the business, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and risks that could significantly affect the Group's performance.

In making this Statement, Managing Director and Executive Director have represented to the Board that, to the best of their knowledge the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that require separate disclosure in the Annual Report. The joint ventures and associated companies of the Group have not been dealt with as part of the Group for the Purpose of this Statement.

The Board recognises that the systems of risk management and internal control should be continuously improved. Nonetheless, it should be noted that all risk management and of internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control of the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") [Previously known as "RPG5 (Revised) 2015"] issued by MIA. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control systems of the Group.

This Statement is made in accordance with the approval by the Board dated 2 July 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY AND INDUSTRY OUTLOOK

In the first quarter of 2018, the economy decelerated for the second consecutive quarter, weighted down by pre-election uncertainty as fixed investment virtually came to a standstill. Private consumption, however, remained resilient. Although fundamentals remain robust, economic activity will likely be dampened by political uncertainty.

Economic growth remains solid this year despite a moderation in demand from China. Private expenditure would likely be boosted from the new government reinstates fuel subsidies and abolishes the Goods and Services Tax, although households' higher debt servicing costs and pull back on mega projects could hold back growth.

Furthermore, uncertainty over the new government's fiscal stance could dampen investment and threaten the country's credit rating.

The construction sector is expected to expand. The industry's expansion is expected to be supported by the government's ongoing efforts to promote economic growth through investments under the 11th Malaysia Plan (11MP) 2016-2020. This plan is part of the government's aim to achieve the status of a developed economy by 2020. Major residential and commercial building projects and the development of affordable and high-rise housing are set to drive growth in Malaysia's construction industry over the medium term.

OVERVIEW OF BUSINESSES

The Group is principally engaged in construction, property development, property investments and investment holding activities. With the registration of PKK Class A contractor coupled with a category of Grade 7 with the Construction Industry Development Board Malaysia, the Group is qualified to tender and carry out all categories of contract and construction works.

Despite the challenging and competitive market especially on over supply of residential, commercial complex and offices, the group continue to perform and remain profitable in various segments within the Group. The Group reported revenue of RM294.8 million and profit before taxation of RM84.2 million for the financial year ended 31 March 2018 compared to revenue of RM175.6 million and profit before taxation of RM20.5 million in 2017.

The following table summarised the segmental information in 2017 and 2018 for the Group:

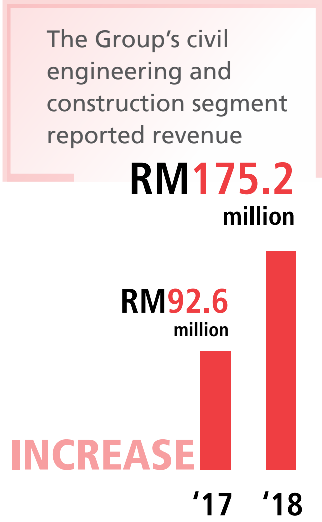
	2018		2017	
	Revenue	Profit before tax	Revenue	Profit before tax
Segment	**RM Million**	**RM Million**	**RM Million**	**RM Million**
Civil Engineering and construction	175.2	23.5	92.6	4.5
Property development	73.3	14.8	37.1	4.8
Property investments and investment holding	13.9	36.3	14.3	(0.2)
Water supply and services	32.4	9.6	31.6	11.4
Total	**294.8**	**84.2**	**175.6**	**20.5**

Management Discussion and Analysis

Civil Engineering and Construction Segment

The Group's civil engineering and construction segment reported revenue and profit before taxation of RM175.2 million and RM23.5 million respectively in 2018 as compared to revenue of RM92.6 million and profit before taxation of RM4.5 million in 2017. The increase contribution was mainly due from the construction of sewerage treatment plant, namely Bunus project at Titiwangsa, Kuala Lumpur and construction of main infrastructure works and appurtenance works at Bandar Bukit Raja, Klang. The projects will complete in this financial year and thus, would not expect achieve significant results in 2019.

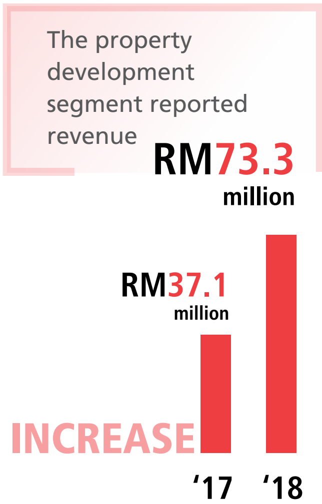
The Group has submitted various tenders and will continue to tender for more projects in the future to ensure continuous contribution from the sector.



Property Development Segment

This property development segment continue to be affected by oversupply of properties, high house-hold debt and stringent credit control policies adopted by financial institution on approval of housing loan and purchasers' adopt 'wait and see' approach.

The property development segment reported revenue and profit before taxation of RM73.3 million and RM14.8 million respectively in 2018 as compared to revenue of RM37.1 million and profit before taxation of RM4.8 million in 2017. The increase contribution was mainly due from the increase in progress of the residential property developed at Segambut Dalam, Kuala Lumpur. Contribution from the project is expected to continue in the coming financial year.



Property Investments and Investment Holding

The property investment & investment holding segment reported revenue and profit before taxation of RM13.9 million and RM36.3 million respectively in 2018 as compared to revenue of RM14.3 million and loss before taxation of RM0.2 million in 2017. The major revenue contributor to this segment was derived from Brem Mall, a retail cum office complex located at Jalan Kepong, Kuala Lumpur. The slight decrease in revenue was attributable to lower occupancy rate caused by high competitive and oversupply of shopping malls at Klang Valley. The significantly higher profit before taxation in 2018 was mainly due to RM45.6 million gain on disposal of a subsidiary mitigated by RM20.3 million impairment loss on investment.

The occupancy rate for retail and office has deteriorated to 87% and 84% respectively for financial year ended 31 March 2018 for Brem Mall. The Group will adopt a more aggressive marketing strategy to look for new tenants to improve its occupancy rate.

Water Supply and Services

The Group secured a contract of 22 years concession period of build, operate and transfer of water plant in 1997 through an indirect subsidiary company, PNG Water Ltd. The concession period will be ending in June 2019.

The water supply and services segment recorded revenue and profit before taxation of RM32.4 million and RM9.6 million respectively in 2018 as compared to revenue of RM31.6 million and profit before taxation of RM11.4 million in 2017. The decrease in profit before taxation was mainly due to reduction of interest income year on year from operating financial assets.

The government of Papua New Guinea is expecting to upgrade the water pumping distribution system in its country. With our twenty over years of industry expertise and extensive experience, the Group is now on a strong footing in water supply and services in Papua New Guinea. We anticipate securing the said contract that shall continue to deliver favourable financial results for the coming years.

Management Discussion and Analysis

GROUP OUTLOOK

The Group has established track record in the civil engineering and construction segment. Although the current projects are finishing soon, the Group is expected to secure new contracts and generate reasonable profit margin in future. The Group is actively involved in tendering contracts and aims to win tenders to raise the Group profile in civil engineering and construction industry. The Group is expecting a positive contribution to the performance of this segment for the coming years.

On the property segment, the Group is expecting to increase the sales of properties boosted by the aggressive marketing plans through its subsidiary company namely Harmony Property Sdn Bhd. The company is currently developing residential properties in Prima Pelangi, Segambut Dalam, Kuala Lumpur. Going forward, the property arm is expected to continue contribute positively to the Group's earnings.

The property investments and investment holding segment is expected to contribute positively to the Group from Brem Mall, the retail cum office complex located at Jalan Kepong, Kuala Lumpur even though there are challenges ahead on the back of oversupply of shopping malls at Klang Valley. The Management will adopt aggressive marketing approach to look for new tenants to improve the occupancy rate.

For the water supply and services segment, there will be stable revenue and profit in 2019. The Group's aim to secure a new contract in Papua New Guinea for water supply and services segment for this segment continue to grow and expand after current concession ending in June 2019.

CORPORATE SOCIAL RESPONSIBILITIES

The Group has adopted green energy approach, best practices in environment protection and eco-friendly office that is by way of reducing carbon footprints. We also ensure that the impact is positive. We have been practicing social responsibility by donating to local community and various charitable organisations including donation in cash and in kind. The Group has also demonstrated its corporate social responsibility by treating employees fairly and ethically.

APPRECIATION

On behalf of the Board of Directors, we would like to convey our sincere appreciation to our valued shareholders, business associates, purchasers, sub-contractors, professional consultants, suppliers, financial institutions and regulatory authorities for their continued and endless support and the assistance extended to the Group as well as showing confident in us.

I would like to extend my sincere appreciation to my fellow board members, our management team and employees for their support, invaluable dedication, contribution and commitment towards the Group over the years.

Dato' Hj. Abu Sujak Bin Hj. Mahmud
Chairman

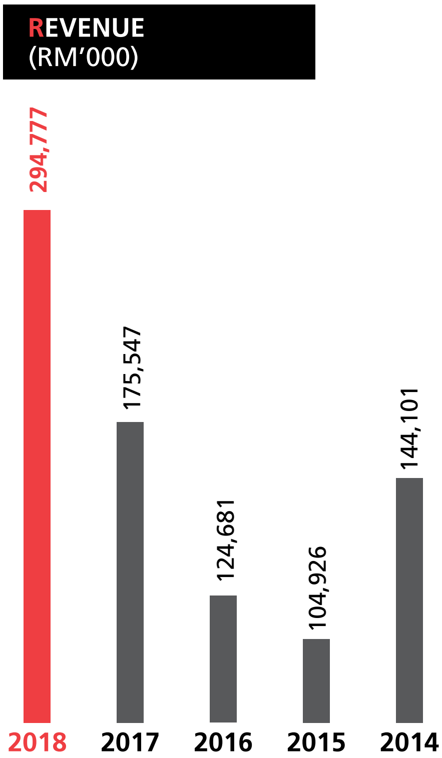
GROUP FINANCIAL HIGHLIGHTS

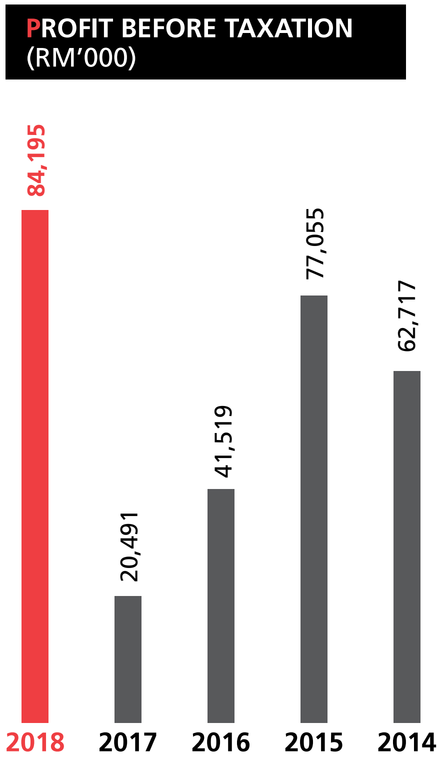
Statements of Comprehensive Income *(Financial Year Ended 31 March)*	2018 RM '000	2017 RM '000	2016 RM '000	2015 RM '000	2014 RM '000
Revenue	**294,777**	175,547	124,681	104,926	144,101
Profit Before Taxation	**84,195**	20,491	41,519	77,055	62,717
Taxation	**(13,966)**	(7,597)	(13,900)	(15,419)	(16,053)
Profit After Taxation	**70,229**	12,894	27,619	61,636	46,664
Non-Controlling Interests	**(31,024)**	(8,140)	(10,428)	(19,789)	(10,846)
Profit Attributable To Shareholders	**39,205**	4,754	17,191	41,847	35,818

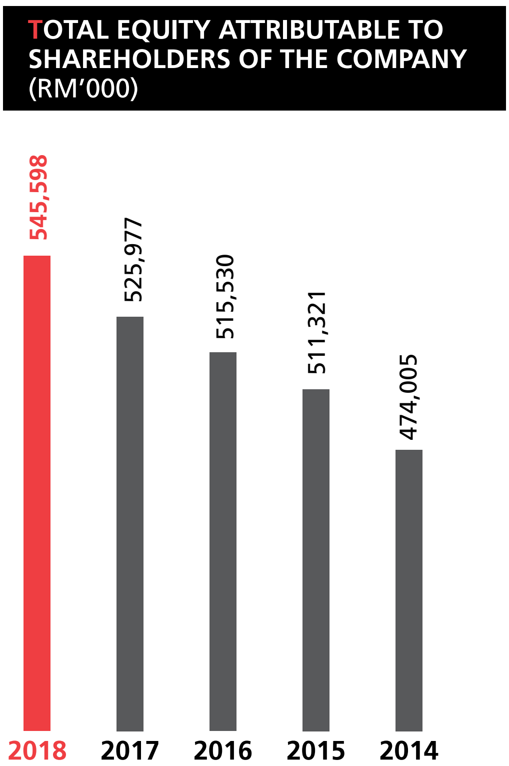
Statements of Financial Position *(As At 31 March)*	2018 RM '000	2017 RM '000	2016 RM '000 (Restated)#	2015 RM '000 (Restated)#	2014 RM '000 (Restated)#
ASSETS					
Non-Current Assets	**502,882**	545,617	562,767	567,931	531,866
Current Assets	**424,080**	290,073	239,187	237,883	217,720
Total Assets	**926,962**	835,690	801,954	805,814	749,586
EQUITIES AND LIABILITIES					
Equity Attributable to Shareholders of the Company					
Share Capital	**172,736**	172,736	172,736	172,736	172,736
Reserves	**373,727**	354,074	353,912	348,735	306,730
Treasury Shares	**(865)**	(833)	(11,118)	(10,150)	(5,461)
Total Equity Attributable to Shareholders of the Company	**545,598**	525,977	515,530	511,321	474,005
Non-Controlling Interests	**159,305**	140,591	130,933	147,738	117,085
Total Equity	**704,903**	666,568	646,463	659,059	591,090
Liabilities					
Non-Current Liabilities	**82,965**	65,869	81,409	94,317	98,222
Current Liabilities	**139,094**	103,253	74,082	52,438	60,274
Total Liabilities	**222,059**	169,122	155,491	146,755	158,496
Total Equity And Liabilities	**926,962**	835,690	801,954	805,814	749,586
Net Assets Per Share (RM)	**1.58**	1.53	1.56	1.54	1.41^
Earnings Per Share (Sen)	**11.39***	1.14*	5.18*	12.48*	10.64*^
Gross Dividend Per Share (Sen)	**3.00@**	-@	3.12+@	3.00@	3.00@
Gearing Ratio (Times)	**0.24**	0.19	0.20	0.20	0.24

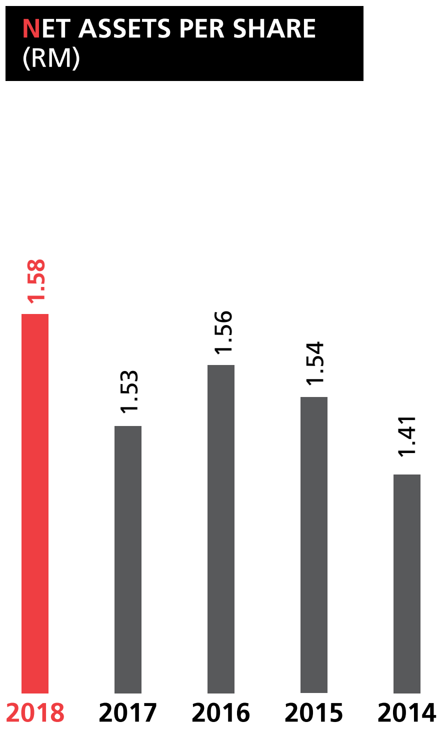
* *Based on the weighted average number of ordinary shares.*
^ *Adjusted for share split in 2014.*
\+ *Share dividend on the basis of 1 treasury share for every 25 existing ordinary shares.*
@ *Adjusted for presentation on sen per share instead of percentage per share.*
\# *Restated based on the audited financial statements for financial year ended 31 March 2016 and 31 March 2017.*

Group Financial Highlights









CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Brem Holding Berhad ("Board") is committed to ensure high standards of Corporate Governance are practised throughout Brem Holding Berhad ("Brem" or "the Company") and its subsidiaries to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group's Corporate Governance practices and procedures with a view to ensure the principles and recommendations in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 ("MCCG") are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the CG Report 2018 ("CG Report") which is available at the corporate website at www.bremholding.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

SECTION I: BOARD ROLES AND RESPONSIBILITIES

The Company and its subsidiaries ("the Group") continues to be led and managed by an effective, active and experience Board which ensures that the interests of the shareholders and stakeholders are protected by setting out the Group's values and standards.

The Board plays a pivotal role in the stewardship of the Group's direction and operations, including enhancing long-term shareholder value. In order to fulfil this role, the Board is explicitly responsible for reviewing and adopting the Group's strategic plans, overseeing the conduct of the business operations of the Group, reviewing adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan, developing and implementing a shareholders communications policy, reviewing management information and internal control system of the Group and promote good Corporate Governance culture within the Group which reinforces ethical, prudent and professional behaviour.

The Management is accountable to the Board and is to fulfill their responsibility through the provision of reports, briefings and presentations on a regular basis throughout the year.

To ensure the effective discharge of its function and responsibilities, the Board has delegated specific tasks to 3 Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees have the authority to act on behalf of the Board within the authority as laid out in the Terms of Reference and reports to the Board. These Committee ensures greater attention, objectivity and independence are provided in the deliberation of specific board agenda. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.

THE CHAIRMAN

Dato' Hj. Abu Sujak Bin Hj. Mahmud was appointed as the Independent Non-Executive Chairman of Brem Holding Berhad. The Chairman has been acting as facilitator at meetings of directors and ensure smooth functioning of the Board in the interest of good Corporate Governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

CHAIRMAN AND MANAGING DIRECTOR

The role of the Independent Non-Executive Chairman and the Managing Director ("MD"), Tan Sri Dato' Khoo Chai Kaa are distinct and separate to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board, while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decision. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION I: BOARD ROLES AND RESPONSIBILITIES (CONTINUED)

QUALIFIED AND COMPETENT COMPANY SECRETARY

The Board had appointed a qualified secretary who is a member of the Malaysian Institute of Accountants and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretary is responsible, amongst other, ensure proper preparation of notices of all Board Meetings and Board Committees Meetings, attending all Board Meetings and Board Committees Meetings and to ensure that accurate and adequate records of the proceedings of meetings and decisions made are properly kept as well as preparation and submission of statutory returns and forms as and when required by the Companies Commission of Malaysia. The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

ACCESS TO INFORMATION AND ADVICE

The Board is provided with appropriate information and comprehensive Board papers 7 days prior to Board meetings to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. Management is invited to attend the Board and Committees meetings and to brief and provide explanations to the Board and Board Committees on the operations of the Group. Upon conclusion of the meeting, minutes are circulated in a timely manner.

BOARD CHARTER

The Board has approved its Board Charter on 24 July 2013 and was reviewed on 2 July 2018. The Board Charter sets out the composition, operation, processes, role and a list of specific functions that are reserved for the Board. It is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. Key matters reserved for the Board's approval includes managing conflict of interest issues, approval of material acquisitions and disposition of assets, corporate plans, annual budgets, new ventures, authority level, dividend policy and significant treasury policies.

The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new rules and regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is accessible to the public through the corporate website at www.bremholding.com.

CODE OF ETHICS & CONDUCT

The Group has established a Code of Ethics and Conduct ("Code") on 24 July 2013.

The Code sets out the principles and standards of business ethics and conduct of the Group. The Code covers managing conflicts of interest; maintaining confidential information; insider information and securities trading; protection of assets and funds; maintaining reliable business records and control; compliance with law; personal gifting; health and safety; sexual harassment; outside interest; fair and courteous behaviour and misconduct.

The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the Code is available at the corporate website at www.bremholding.com.

WHISTLE BLOWING POLICY

The Group established a Whistle Blowing Policy ("WBP") on 24 July 2013 .

The WBP was established to provide an avenue to encourage employees and stakeholders to raise genuine concerns about unethical behaviours, illegal activities, malpractices and/or failure in compliance with legal or regularity requirements at workplace.

The Board will periodically review and update the WBP in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate. A summary of the WBP is available at the corporate website at www.bremholding.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION II: BOARD COMPOSITION

COMPOSITION OF THE BOARD

As at the financial year ended 31 March 2018, the Board has seven (7) members comprising an Independent Non-Executive Chairman, a Managing Director, an Executive Director, three Non-Independent Non-Executive Directors and one Independent Non-Executive Director.

The composition of the Board complies with the MMLR of the Bursa Securities that requires at least 2 directors or 1/3 of the total number of directors, whichever is higher, must be independent.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The presence of the Non-Executive Directors assures an element of balance to the Board as they provide an independent view, advice and judgment to ensure that the interests of minority shareholders and the general public are given due consideration in the decision-making progress.

TENURE OF INDEPENDENT DIRECTOR

In line with the MCCG, the Board has agreed that the tenure of an Independent Director does not exceed a cumulative term limit of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the board intends to retain an Independent Director beyond 9 years, it should justify and seek annual shareholders' approval. If the Board continues to retain an Independent Director beyond 12 years, the Board should seek annual shareholders' approval through a two-tier voting process.

The Company does not impose a limit on the length of service for both Executive and Non-Executive Directors.

As at the date of this statement, the existing Independent Directors namely Dato' Hj. Abu Sujak Bin Hj. Mahmud ("Dato' Hj. Abu Sujak") and Mr. Wong Miow Song ("Mr. Wong") have served on the Board for more than 12 years. The Nomination Committee had conducted an assessment to determine whether Dato' Hj. Abu Sujak and Mr. Wong would still be able to meet the criteria of "independent" within the definition of "Independent Director" as set out in paragraph 1.01 of the MMLR of Bursa Securities. The Board, through the review of Self Evaluation Questionnaire and Peer Evaluation Questionnaire done by the Nomination Committee, determined that they have remained objective and independent. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Board believes that the Group benefits from long serving Directors, who possess relevant expertise, detailed knowledge of the Group's businesses and independent judgement to properly evaluate corporate performance and contribute to the effective decision making of the Board. Nevertheless, Mr. Wong, being the Chairman of the Audit Committee and Dato' Hj. Abu Sujak, being the member of the Audit Committee, have demonstrated that they have the qualities and competencies to enable them to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board. They have also proven their commitment, experience and competency for informed and balance decision making. As such, the Board would be seeking shareholders' approval at the forthcoming AGM for them to continue in office as Independent Directors.

DIVERSE BOARD AND SENIOR MANAGEMENT TEAM

Members of the Board comprise professionals from diverse gender, ethnicity, age, bringing with them depth and diversity of expertise, a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. The profile of each Director is presented on pages 8 to 9 of this Annual Report.

The Group practices a division of responsibility between the Executive and Non-Executive Directors. The Executive Directors are responsible for the overall management of the Group, to oversee operations and to coordinate the development and implementation of business and corporate strategies.

The appointment of Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on page 10 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION II: BOARD COMPOSITION (CONTINUED)

GENDER DIVERISTY POLICY

The Board is supportive of the gender diversity policy and currently has appointed 2 female Directors to the Board. In its selection for Board appointment, the Board provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender.

NOMINATION COMMITTEE

The Nomination Committee ("NC") was established on 27 February 2002. The members of the NC, comprising exclusively of Non-Executive Directors, a majority of whom are independent, and are as follows:-

Chairman	
Wong Miow Song	*(Independent Non-Executive Director)*
Members	
Dato' Hj. Abu Sujak Bin Hj. Mahmud	*(Independent Non-Executive Chairman)*
Khoo Hui Giok	*(Non-Independent Non-Executive Director)*

The NC is responsible for making recommendations on any nomination to the Board and Committees of the Board. In making these recommendations, due consideration is given to the required mix of skills and experience that the proposed Directors should bring to the Board and to the respective Board Committees. The decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the NC.

The NC will also assess annually, the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director including Independent Non-Executive Directors.

The NC had held 2 meetings during the financial year ended 31 March 2018 which were attended by all members.

The Terms of Reference of the NC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.

The NC key responsibilities are: -

a. Recruitment or New Appointment of Directors

The NC assesses the effectiveness of the Board and the Board Committees, as well as performance of individual Directors on an annual basis. In furtherance to these annual assessments, the NC is able to identify gaps in the Board composition and the needs to identify and select new members to the Board.

The NC, in making a recommendation to the Board on the candidate for recruitment or new Board appointment, shall have regard to:

i. Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;

ii. The candidate's skills, knowledge, expertise and experience, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence criteria as set out in paragraph 1.01 of the MMLR as well as the necessary skill and experience to bring an independent and objective judgment on issues considered by the Board and the ability to discharge such responsibilities as expected from Independent Non-Executive Directors; and

iii. The appropriate number of Independent Directors to fairly reflect the interests of the minority shareholders and that Independent Directors should make up at least 1/3 of the membership of the Board.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the NC.

There is no new Director appointed during the financial year ended 31 March 2018.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION II: BOARD COMPOSITION (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

b. Re-election and Re-appointment of Directors

The NC is responsible to make recommendation to the Board for the re-election and re-appointment of Directors who retire by rotation. This recommendation is based on formal reviews on the performance of Directors, taking into consideration the Board competency matrix and the Directors' contribution to the Board through their knowledge and commitments, experience, level of independence and ability to act in the best interest of the Company in decision making.

The Articles of Association of the Company provides that all Directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

Any Director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment.

Information of each Director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in the Annual Report.

c. Annual Assessment

During the financial year, the NC had 2 meetings and attended by all members. In one of the meetings, which was held on 23 May 2018 the NC conducted its annual appraisal on the effectiveness of the Board, its Committees, the contribution of each director and the independence of the Independent Directors. The annual appraisal was conducted via questionnaire.

The assessment of independence of the Independent Non-Executive Directors ("INED") is conducted on an annual basis via the following: -

- Self and Peer Evaluation Questionnaire for Assessing the Independence of the Independent Directors to ensure that the INEDs were independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

- Based on the outcome of the evaluation done, the Directors fulfilled the criteria as Independent Directors and are able to bring independence and objectivity in the Board's decision-making process. The Directors had also declared that they are independent of Management and free from any business or other relationship which could materially interfere with the exercise of their objective and independent judgements, decisions and reviews.

- The Board's effectiveness was assessed in the areas of composition, board strategy, board meetings, corporate and financial reporting, risk management and investors relationship. The review criteria for assessing the Directors' individual performance was largely focus on their meeting attendance, competencies, experience, knowledge and commitment, contribution to interaction - constructive expression of views and issues, quality of input and understanding of role as Director.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION II: BOARD COMPOSITION (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

(c) Annual Assessment (continued)

The Directors' commitment in carrying out their duties and responsibilities is affirmed by their attendance at the Board and Board Committee Meetings held during the financial year ended 31 March 2018, as reflected below: -

	Attendance at Meetings of/ No. of Meetings Held during Office			
	Board	Audit Committee	NC	RC
Dato' Hj. Abu Sujak Bin Hj. Mahmud	5/*6	5/*5	2/*2	1/*1
Tan Sri Dato' Khoo Chai Kaa	6/*6	N/A	N/A	1/*1
Khoo Chai Thiam	6/*6	N/A	N/A	N/A
Low Yew Hwa	6/*6	N/A	N/A	N/A
Wong Miow Song	6/*6	5/*5	2/*2	1/*1
Khoo Hui Keam	6/*6	N/A	N/A	N/A
Khoo Hui Giok	6/*6	5/*5	2/*2	N/A

* Reflects the number of meetings held during the time the member held office.
N/A: Not Applicable

The Board is satisfied with the time commitment given by the Directors. All of the directors do not hold more than 5 directorships as required under paragraph 15.06 of the MMLR.

DIRECTORS TRAINING

The Board evaluates the needs to attend training in order to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment enabling them to discharge their duties effectively.

During the year, all the Directors have attended development and training programmes, the details of which were as follows:

Name of Directors	Development and Training Programmes
Dato' Hj. Abu Sujak Bin Hj. Mahmud	Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction"
Tan Sri Dato' Khoo Chai Kaa	Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction"
Khoo Chai Thiam	a. Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction" b. Seminar Construction Risk & Safety "Professional Integrity"
Low Yew Hwa	a. MIA International Accountants Conference b. SC Workshop on Malaysia Code on Corporate Governance
Wong Miow Song	a. Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction" b. Prestige Talk on "Ensuring Global Acceptance of Malaysian Engineers and Engineering Tecknologists" c. Talk on "Leadership in OSH Management"
Khoo Hui Keam	Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction"
Khoo Hui Giok	Interactive Awareness Course "Implementing ISO9001:2015 QMS In Construction"

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION III: REMUNERATION

REMUNERATION POLICY

The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The Remuneration Committee ("RC") shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

REMUNERATION COMMITTEE

The RC was established on 27 February 2002. The members of the RC, comprising a majority of Non-Executive Directors, are as follows:-

Chairman
Dato' Hj. Abu Sujak Bin Hj. Mahmud *(Independent Non-Executive Chairman)*

Members
Wong Miow Song *(Independent Non-Executive Director)*
Tan Sri Dato' Khoo Chai Kaa *(Managing Director)*

The RC's duty is to make recommendations to the Board on the remuneration framework for all Executive Directors. The policy practised on Directors' remuneration is to provide the remuneration necessary to attract, retain and motivate Executive Directors of the quality required to manage the businesses of the Company.

Annually, the RC reviews the remuneration of the Executive Directors to ensure that it commensurate with the market expectation, the Directors' experience and competency and the performance of the Group. Directors do not participate in decisions regarding their own remuneration. Meetings of the RC are held as and when necessary, and at least once a year. The RC had held 1 meeting during the financial year ended 31 March 2018 and was attended by all the members.

DETAILS OF DIRECTOR'S REMUNERATION

The remuneration packages of Executive directors include salaries, benefits in kinds , incentives and bonus which are linked to the Group's performance. The remuneration of Non-Executive Directors consists of fixed fees and meeting allowances for their attendance and participation in Board and Board Committee meetings.

The remuneration of the Directors of the Company for 2018 is as follows:
The details of the remuneration of Directors of the Company comprising the remuneration received/receivable from the Company and its subsidiaries during the financial year ended 31 March 2018 are as follows:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	4
RM150,001-RM200,000	1	-
RM400,001-RM450,000	-	1
RM500,001-RM550,000	1	-

An analysis of the aggregate remuneration received by the Directors of Brem Holding Berhad from the Group, categorised into appropriate components are set out below:-

	*Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit in Kind (RM)	Total (RM)
Executive Directors	30,000	594,522	100,000	1,800	726,322
Non-Executive Directors	75,000	413,256	20,000	17,625	525,881

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

SECTION III: REMUNERATION (CONTINUED)

DETAILS OF DIRECTOR'S REMUNERATION (CONTINUED)

An analysis of the aggregate remuneration received by the Directors of Brem Holding Berhad from the Company, categorised into appropriate components are set out below:-

	*Fees (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit in Kind (RM)	Total (RM)
Executive Directors	30,000	359,640	100,000	-	489,640
Non-Executive Directors	75,000	30,000	-	17,625	122,625

* *Subject to approval by shareholders at the AGM.*

For confidentiality reason, details of individual Directors' remuneration are not shown. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' remuneration are appropriately served by the disclosures made above. The Board will consider disclosing the remuneration of individual directors as and when it is deemed appropriate.

REMUNERATION OF TOP 3 SENIOR MANAGEMENT

The remuneration of the top three Senior Management Team of the Company is as follows:

Remuneration Bands	Senior Management
RM100,001 - RM150,000	1
RM400,001 - RM450,000	1
RM500,001 - RM550,000	1

Details of the remuneration of each top three senior management on a named basis are not disclosed in this report as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top three senior management are appropriately served by the above remuneration disclosures in bands of RM50,000.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

SECTION I: AUDIT COMMITTEE

EFFECTIVE AND INDEPENDENT AUDIT COMMITTEE

The Audit Committee ("AC") was established on 25 July 1994. The AC comprises 3 Non-Executive Directors. The AC is chaired by an Independent NED, Mr. Wong Miow Song. The AC is comprised of members who are financially literate, possess the appropriate level of expertise and experience.

The Terms of Reference of the AC was last reviewed and updated on 27 February 2018 and is available at the corporate website at www.bremholding.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

SECTION I: AUDIT COMMITTEE (CONTINUED)

EXTERNAL AUDITORS

To maintain a transparent and formal relationship with the Company's External Auditors, the AC reviews the appointment, performance, independence and remuneration of the external auditors.

The AC had met with the External Auditors once during the financial year under review without the presence of executive members of the Board. The AC Report covers the following areas :-

a. the composition of the AC;
b. the number of AC meetings held during the financial year and details of attendance of each AC member;
c. a summary of the work of the AC; and
d. a summary of the work of the internal audit function.

The AC, had on 23 May 2018, deliberated on the re-appointment of Messrs. Baker Tilly as its External Auditors, which included amongst others, an assessment on the engagement teams' qualification, credentials and experience; its audit approach; the audit firm's professional standing and reputation as well as cost. The AC has reviewed the independence of the External Auditors, via amongst others, an annual review of the non-audit services rendered by the External Auditors and the related amount of fees. The AC had also obtained assurance from the External Auditors confirming their independence throughout the audit engagement in accordance with the terms of relevant professional and regulatory requirements.

SECTION II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis. Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team. Please refer to the Statement on Risk Management and Internal Control on pages 12 to 13 of this Annual Report for further information.

EFFECTIVE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the Audit Committee on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditor reviews and assesses the Group's systems of internal control and report to the Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 29 to 30 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

SECTION I: COMMUNICATION WITH STAKEHOLDERS

The Board endeavors to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa and the corporate website at http://www.bursamalaysia.com and at www.bremholding.com respectively and it is accessible by public.

The Board has also designated Mr. Wong Miow Song as the Independent Director to whom shareholders and investors can voice their view and concerns by email to wongms@bremholding.com.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

SECTION I: COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

The Board adheres strictly to the Bursa disclosure framework to provide investors and the public with accurate and complete information on a timely basis and not merely to meet the minimum regulatory requirements for disclosure. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

SECTION II: CONDUCT OF GENERAL MEETING

The Board regards the AGM and other General Meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue.

Notice of the AGM and Annual Report are sent to shareholders 28 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM. Each shareholder can vote in person or by appointing a proxy to attend and vote on his behalf. The Board has also ensured that an explanatory statement will accompany each item of Special Business included in the notice of meeting on the effects of the proposed resolution.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Corporate Governance Overview Statement. The Board considered that the CG Overview Statement provides the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board shall remain committed in attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws and regulations.

The Board considers that the Company has complied with the provisions and applies the key principles of the MCCG throughout the financial period except for the following where the explanation for departure is stated in the CG Report :-

Practice 7.1 : Detailed disclosure on named basis for Directors
Practice 7.2 : Disclosure on a named basis for top 5 Senior Management Remuneration
Practice 11.2 : Integrated Reporting
Practice 12.3 : Electronic Voting

STATEMENT OF DIRECTOR'S RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 and the MMLR of the Bursa so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:
- adopted the appropriate accounting policies and applied them consistently;
- ensure compliance with the Financial Reporting Standards and the requirements of the Companies Act 2016;
- made estimates and judgments which are reasonable and prudent; and
- ensure the financial statements have been prepared on a going concern basis.

The Directors are also responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 2 July 2018.

AUDIT COMMITTEE REPORT

ESTABLISHMENT AND COMPOSITION

The Audit Committee of Brem Holding Berhad (“Brem” or “the Company”) was established on 25 July 1994. For the financial year ended 31 March 2018, the Audit Committee comprises the following three directors:-

Chairman
Mr. Wong Miow Song *(Independent Non-Executive Director)*

Members
Dato’ Hj. Abu Sujak bin Hj. Mahmud *(Independent Non-Executive Director)*
Ms. Khoo Hui Giok *(Non- Independent Non-Executive Director)*

COMMITTEE MEETINGS

The Audit Committee members (“AC”) met 5 times during the financial year ended 31 March 2018. The details of Audit Committee’s meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee Member	No. of Audit Committee Meetings	
	Held	Attended
Chairman		
Wong Miow Song *(Independent Non-Executive Director)*	5	5
Members		
Dato’ Hj. Abu Sujak bin Hj. Mahmud *(Independent Non-Executive Director)*	5	5
Khoo Hui Giok *(Non- Independent Non-Executive Director)*	5	5

The External Auditors held 3 meetings with the AC during the financial year ended 31 March 2018. Among these meetings, the AC also held 1 private session with the External Auditors without the executive board members and Management present .

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2018

During the financial year ended 31 March 2018, the activities of the Committee included the following: -

FINANCIAL REPORTING

a. Reviewed the unaudited quarterly financial results and announcement of the year end financial statements of Brem, and recommended them for approval by the Board;

b. Review and report to the board on any related party transactions and conflict of interest situations that may arise within the listed issuer or group;

c. Considered the impact of any unusual transactions including related party transactions;

d. Reviewed the final draft of the audited financial statements for the year ended 31 March 2018;

e. Reviewed the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report 2018 and Statement on Risk Management and Internal Control to ensure compliance with the Main Market Listing Requirements of Bursa Securities and recommend to the Board for inclusion in the Annual Report 2018;

f. Reviewed the Group’s compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement pursuant to the Bursa Listing Requirements;

g. Reviewed and updated the Terms of Reference of Audit Committee to be in line with the latest Listing Requirements and Code on Corporate Governance;

h. Reviewed the draft circular to shareholders on the Proposed Renewal Shareholders’ Mandate for Recurrent Related Party Transaction (“RRPT”) of a Revenue or Trading Nature, Proposed Renewal of Authority for Share Buy Back and Proposed Provision of Financial Assistance; and

i. Reviewed the status of the RRPT as disclosed in Note 2.7(d) of the Circular to Shareholders on 31 July 2017.

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONTINUED)

EXTERNAL AUDIT

a. Tabled the audit plan 2018 prepared by External Auditors for the financial year ended 31 March 2018.

b. Reviewed the audit review memorandum for the year ended 31 March 2018;

c. Met with the External Auditors once during the financial year ended 31 March 2018 without presence of any executive members of the Board;

d. AC also scrutinised potential key audit matters raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements.

   Two key audit matters vetted by the AC were:

   i. Goodwill on consolidation; and
   ii. Revenue and cost of sales recognition.

e. Considered the nomination of External Auditors for recommendation to the Board of Directors for re-appointment and reviewed the audit fees; and

f. Evaluated the effectiveness of the External Auditors and make recommendations to the Board of Directors on their re-appointment and remuneration.

INTERNAL AUDIT FUNCTION

For the financial year ended 31 March 2018, the Group has outsourced its internal audit function to an independent internal audit service company and the selected team is independent of the activities audited by them. The cost incurred for the internal audit function in respect of the financial year ended 31 March 2018 is RM56,800/-.

The principal responsibility of the internal audit department is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the internal auditor reviews and assesses the Group's systems of internal control and report to the Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

Throughout the year, the Audit Committee reviewed the following Internal Audit reports for Internal Audit performed during the financial year :-

- Internal Audit Plan for the period from July 2017 to May 2019;
- Internal Audit Report on Bukit Raja Project (Main Infrastructure) on 20/11/2017;
- Internal Audit Report on Project Prima Pelangi Phase 2B- Residensi Harmoni 2 on 27/2/2018;
- Internal Audit Report on Circular on Recurrent Related Party Transactions on 23/05/2018; and
- Follow Up Internal Audit Report on Project Management and Goods & Services Tax (May 2016), Bunus Regional Sewage Treatment (November 2016),Bandar Bukir Raja Project (November 2017) and Prima Pelangi Phase 2B - Residensi Harmoni 2 (February 2018) on 23/05/2018.

Among these meetings, the Audit Committee also held 1 private session with the Internal Auditor without the Executive Board members and Management present.

The final reports containing the audit findings and recommendations together with responses by Management were circulated to all members of the Committee. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the Committee and discussed at Committee Meetings and recommendations were duly acted upon by the management. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by the respective subsidiaries and associates and are disclosed in Notes 8 and 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	70,229,264	8,929,183
Attributable to:		
Shareholders of the Company	39,205,203	8,929,183
Non-controlling interests	31,024,061	-
	70,229,264	8,929,183

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier interim dividend of 1.5 sen per ordinary share in respect of financial year ended 31 March 2018, paid on 30 August 2017	5,165,025
Single tier interim dividend of 1.5 sen per ordinary share in respect of financial year ended 31 March 2018, paid on 10 April 2018	5,165,025

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debt and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 34 to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

Directors' Report

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 35,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM0.92 per share. The total consideration paid for the repurchase including transaction costs was RM32,155.

As at 31 March 2018, the Company held 1,136,934 treasury shares out of its 345,472,344 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM864,688. Further details are disclosed in Note 23 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Hj. Abu Sujak Bin Hj. Mahmud
Tan Sri Dato' Khoo Chai Kaa *
Khoo Chai Thiam *
Khoo Hui Keam
Khoo Hui Giok
Low Yew Hwa *
Wong Miow Song *

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Puan Sri Datin Lee Lei Choo
Tan Joo Keng
Teh Kim Teck
Teng Mee Yoong
Wong Keng Leong

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Direct Interest				
Tan Sri Dato' Khoo Chai Kaa	50,698,772	-	-	50,698,772
Low Yew Hwa	5,264,195	-	-	5,264,195
Khoo Chai Thiam	7,131,637	-	(3,500,000)	3,631,637
Indirect Interest				
Tan Sri Dato' Khoo Chai Kaa *	93,368,544	6,627,200	-	99,995,744

* *Indirect interest held through Brem Properties Sdn. Bhd.*

DIRECTORS' INTERESTS (Continued)

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Khoo Chai Kaa is deemed to have an interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Tan Sri Dato' Khoo Chai Kaa, Khoo Chai Thiam and Mr. Low Yew Hwa hold 1,779,080, 598,010 and 598,010 ordinary shares respectively in Brem Maju Sdn. Bhd. which constitute 29.75%, 10% and 10% respectively of the paid up share capital therein.

Tan Sri Dato' Khoo Chai Kaa and Mr. Low Yew Hwa holds respectively 1 ordinary share of Kina 1.00 each in Brem Maju (PNG) Limited which constitutes 0.0004% of the paid up share capital therein.

Mr. Low Yew Hwa also holds 600,000 ordinary shares of HK$1.00 each in Brem Oversea Investments Pte Ltd which constitutes 5% paid up share capital therein.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group and of the Company were RM2 million and RM14,320 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 45 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 34 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

Directors' Report

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....	....
TAN SRI DATO' KHOO CHAI KAA	**KHOO CHAI THIAM**
Director	Director

Date: 17 July 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	4,621,915	4,407,843
Operating financial assets	5	4,209,434	32,210,740
Land held for property development	6	272,434,935	292,346,524
Investment properties	7	102,542,678	104,799,779
Investment in associates	9	58,340,541	49,836,496
Investment in joint ventures	10	28,960,522	28,923,435
Other investments	11	595,445	595,445
Deferred tax assets	12	12,140,737	9,299,249
Goodwill on consolidation	13	17,099,482	19,967,231
Trade receivables	16	1,936,000	3,230,000
		502,881,689	545,616,742
Current Assets			
Property development costs	14	138,786,469	140,754,069
Operating financial assets	5	23,286,348	23,698,804
Other investments	11	51,267,395	-
Inventories	15	17,751,685	18,298,290
Trade receivables	16	64,738,317	23,667,529
Other receivables, deposits and prepayments	17	4,601,935	10,633,277
Tax recoverable		9,628,124	8,472,075
Deposits with licensed financial institutions	19	70,126,366	43,196,575
Cash and bank balances	20	43,893,681	21,352,163
		424,080,320	290,072,782
TOTAL ASSETS		926,962,009	835,689,524
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	172,736,172	172,736,172
Reserves	22	373,726,587	354,073,504
Treasury shares	23	(864,688)	(832,533)
Total equity attributable to shareholders of the Company		545,598,071	525,977,143
Non-controlling interests		159,305,179	140,591,284
Total Equity		704,903,250	666,568,427

Consolidated Statement of Financial Position
as at 31 March 2018

	Note	2018 RM	2017 RM
LIABILITIES			
Non-current Liabilities			
Hire purchase payables	24	1,558,803	2,269,316
Borrowings	25	73,345,246	54,808,946
Deferred tax liabilities	12	8,061,247	8,790,466
		82,965,296	65,868,728
Current Liabilities			
Trade payables	26	49,329,653	36,716,690
Other payables, deposits and accruals	27	27,304,549	21,977,676
Amount due to directors	29	3,700,618	1,013,121
Hire purchase payables	24	2,030,810	2,113,517
Borrowings	25	55,907,879	41,220,915
Tax payable		819,954	210,450
		139,093,463	103,252,369
Total Liabilities		222,058,759	169,121,097
TOTAL EQUITY AND LIABILITIES		926,962,009	835,689,524

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,843,623	1,874,757
Land held for property development	6	34,180,273	34,108,156
Investment in subsidiaries	8	114,279,646	114,271,645
Investment in associates	9	61,881,636	53,859,659
		212,185,178	204,114,217
Current Assets			
Property development costs	14	12,969,975	12,568,841
Inventories	15	14,644,288	15,190,893
Trade receivables	16	963,362	-
Other receivables, deposits and prepayments	17	2,577,263	4,717,232
Amount due from subsidiaries	18	259,949,323	204,267,615
Tax recoverable		2,286,810	2,211,373
Deposits with licensed financial institutions	19	1,807	1,754
Cash and bank balances		6,064,365	17,000
		299,457,193	238,974,708
TOTAL ASSETS		511,642,371	443,088,925
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	21	172,736,172	172,736,172
Reserves	22	217,044,453	218,445,320
Treasury shares	23	(864,688)	(832,533)
Total Equity		388,915,937	390,348,959
LIABILITIES			
Non-current Liabilities			
Hire purchase payables	24	1,109,805	2,052,747
Deferred tax liabilities	12	229,487	229,487
		1,339,292	2,282,234
Current Liabilities			
Trade payables	26	62,863,607	15,799,805
Other payables, deposits and accruals	27	10,144,750	773,818
Amount due to subsidiaries	28	32,389,795	20,444,374
Amount due to directors	29	2,558,750	41,250
Hire purchase payables	24	1,531,029	1,525,422
Bank borrowings	25	11,899,211	11,873,063
		121,387,142	50,457,732
Total Liabilities		122,726,434	52,739,966
TOTAL EQUITY AND LIABILITIES		511,642,371	443,088,925

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	30	294,777,110	175,547,392	58,024,221	55,925,460
Cost of sales	31	(238,111,142)	(147,292,482)	(48,245,957)	(27,590,109)
Gross profit		56,665,968	28,254,910	9,778,264	28,335,351
Other income	32	65,550,771	11,614,596	6,923,649	7,543,140
Administrative expenses		(35,589,086)	(14,277,528)	(4,162,502)	(3,961,310)
Operating profit		86,627,653	25,591,978	12,539,411	31,917,181
Finance costs	33	(2,876,798)	(3,331,306)	(915,135)	(671,637)
Share of results of associates		482,067	(1,697,575)	-	-
Share of results of joint ventures		(37,913)	(72,297)	-	-
Profit before taxation	34	84,195,009	20,490,800	11,624,276	31,245,544
Taxation	35	(13,965,745)	(7,596,483)	(2,695,093)	(1,916,728)
Profit for the financial year		70,229,264	12,894,317	8,929,183	29,328,816
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(18,091,096)	11,255,582	-	-
Total comprehensive income for the financial year		52,138,168	24,149,899	8,929,183	29,328,816
Profit attributable to:					
Shareholders of the Company		39,205,203	4,754,035	8,929,183	29,328,816
Non-controlling interests		31,024,061	8,140,282	-	-
		70,229,264	12,894,317	8,929,183	29,328,816
Total comprehensive income attributable to:					
Shareholders of the Company		29,983,133	10,491,540	8,929,183	29,328,816
Non-controlling interests		22,155,035	13,658,359	-	-
		52,138,168	24,149,899	8,929,183	29,328,816
Earnings per ordinary share (sen):					
- basic	36	11.39	1.41		
- diluted	36	11.39	1.41		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

	Note	← Attributable to Owners of the Company → Share Capital RM	Exchange Fluctuation Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 April 2017		172,736,172	2,538,792	(832,533)	351,534,712	525,977,143	140,591,284	666,568,427
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	39,205,203	39,205,203	31,024,061	70,229,264
Other comprehensive income for the financial year		-	(9,222,070)	-	-	(9,222,070)	(8,869,026)	(18,091,096)
Total comprehensive income		-	(9,222,070)	-	39,205,203	29,983,133	22,155,035	52,138,168
Transactions with owners								
Share repurchased		-	-	(32,155)	-	(32,155)	-	(32,155)
Dividend paid to non-controlling interests		-	-	-	-	-	(2,487,500)	(2,487,500)
Disposal of subsidiary		-	-	-	-	-	(953,640)	(953,640)
Dividends	37	-	-	-	(10,330,050)	(10,330,050)	-	(10,330,050)
Total transactions with owners		-	-	(32,155)	(10,330,050)	(10,362,205)	(3,441,140)	(13,803,345)
At 31 March 2018		172,736,172	(6,683,278)	(864,688)	380,409,865	545,598,071	159,305,179	704,903,250
At 1 April 2016								
As previously reported		172,736,172	(3,198,713)	(11,118,459)	356,434,817	514,853,817	132,464,424	647,318,241
Retrospective adjustments		-	-	-	676,280	676,280	(1,531,499)	(855,219)
Restated balance at 1 April 2016		172,736,172	(3,198,713)	(11,118,459)	357,111,097	515,530,097	130,932,925	646,463,022
Total comprehensive income for the financial year								
Profit for the financial year		-	-	-	4,754,035	4,754,035	8,140,282	12,894,317
Other comprehensive income for the financial year		-	5,737,505	-	-	5,737,505	5,518,077	11,255,582
Total comprehensive income		-	5,737,505	-	4,754,035	10,491,540	13,658,359	24,149,899
Transactions with owners								
Share repurchased		-	-	(44,494)	-	(44,494)	-	(44,494)
Dividend paid to non-controlling interests		-	-	-	-	-	(4,000,000)	(4,000,000)
Dividends	37	-	-	10,330,420	(10,330,420)	-	-	-
Total transactions with owners		-	-	10,285,926	(10,330,420)	(44,494)	(4,000,000)	(4,044,494)
At 31 March 2017		172,736,172	2,538,792	(832,533)	351,534,712	525,977,143	140,591,284	666,568,427

Statements of Changes in Equity
for the financial year ended 31 March 2018

	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
Company					
At 1 April 2016		172,736,172	(11,118,459)	199,446,924	361,064,637
Total comprehensive income for the financial year		-	-	29,328,816	29,328,816
Transactions with owners					
Share repurchased		-	(44,494)	-	(44,494)
Share dividends	37	-	10,330,420	(10,330,420)	-
At 31 March 2017		172,736,172	(832,533)	218,445,320	390,348,959
Total comprehensive income for the financial year		-	-	8,929,183	8,929,183
Transactions with owners					
Share repurchased		-	(32,155)	-	(32,155)
Dividends	37	-	-	(10,330,050)	(10,330,050)
At 31 March 2018		172,736,172	(864,688)	217,044,453	388,915,937

STATEMENTS OF CASH FLOWS

for the financial year ended 31 March 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	84,195,009	20,490,800	11,624,276	31,245,544
Adjustments for:				
Bad debts written off	283,933	597,662	-	329,400
Impairment loss on:				
- goodwill	2,857,868	545,151	-	-
- trade receivables	-	804,170	-	-
- other investments	20,313,496	-	-	-
Depreciation of:				
- property, plant and equipment	1,809,516	1,664,962	838,416	765,095
- investment properties	2,267,221	2,267,221	-	-
Dividend income from subsidiaries	-	-	(2,512,500)	(24,530,201)
Gain on disposal of:				
- property, plant and equipment	(146,222)	(127,358)	(51,885)	(127,358)
- a subsidiary	(45,630,390)	-	-	-
- an associate	(8,089,763)	-	-	-
Interest expenses	2,876,798	3,331,306	915,135	671,637
Interest income	(9,847,383)	(10,284,092)	(6,665,619)	(7,184,835)
Property, plant and equipment written off	16	1,718	13	839
Reversal of impairment loss on trade receivables	(414,974)	-	-	-
Share of results of associates	(482,067)	1,697,575	-	-
Share of results of joint ventures	37,913	72,297	-	-
Unrealised (gain)/loss on foreign exchange, net	(304,497)	146,732	-	(51,280)
Operating profit before changes in working capital	49,726,474	21,208,144	4,147,836	1,118,841
Property development cost	1,967,600	(2,410,515)	(401,134)	3,457,659
Land held for property development	(13,425,463)	(104,222)	(72,117)	(113,425)
Operating financial assets	27,907,200	28,648,080	-	-
Inventories	546,605	(2,584,999)	546,605	123,398
Receivables	(35,680,203)	(4,504,352)	1,176,606	1,662,854
Payables	27,868,666	18,141,448	58,952,235	8,159,195
Subsidiaries	-	-	(52,222,707)	(36,411,981)
Cash generated from/(used in) operations	58,910,879	58,393,584	12,127,324	(22,003,459)
Dividend received	-	-	2,512,500	24,530,201
Tax paid	(16,982,811)	(12,166,580)	(2,770,530)	(3,315,785)
Net cash from/(used in) operating activities	41,928,068	46,227,004	11,869,294	(789,043)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(311,282)	(413,125)	(87,297)	(26,380)
Advances to subsidiaries	-	-	(3,467,002)	(6,951,346)
Advances to joint ventures	(75,000)	(25,000)	-	-
Repayment from/(Advances to) associates	1,631,022	(7,416,381)	(8,021,977)	(7,416,381)
Additional cost in investment properties	(10,120)	-	-	-
Additional investment in an associate	(9,803,000)	-	-	
Proceeds from disposal of:				
- property, plant and equipment	135,125	127,359	51,887	127,359
- an associate	8,239,763	-	-	-
Interest received	3,906,220	1,227,425	6,665,566	7,184,835
Net withdrawal/(placement) of deposit with licensed financial institutions	-	482,288	-	(1,754)
Redemption of unit trust	-	9,442,769	-	9,442,769
Net cash (used in)/from investing activities	3,712,728	3,425,335	(4,858,823)	2,359,102

Statements of Cash FLows
for the financial year ended 31 March 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of hire purchase payables	(2,563,220)	(2,359,093)	(1,657,335)	(1,073,225)
Advances from/(Repayment to) subsidiaries	-	-	11,945,421	(5,083,284)
Repayment of bank borrowings	(20,524,845)	(30,669,025)	-	-
Drawdown of bank borrowings	24,000,000	16,000,000	-	3,000,000
Drawdown of short term loan	30,000,000	-	-	-
Dividend paid to:				
- non-controlling interest of a subsidiary	(2,487,500)	(4,000,000)	-	-
- shareholders of the Company	(10,330,050)	-	(10,330,050)	-
Repurchase of treasury shares	(32,155)	(44,494)	(32,155)	(44,494)
Interest paid	(2,876,798)	(8,485,923)	(915,135)	(671,637)
Net cash used in financing activities	15,185,432	(29,558,535)	(989,254)	(3,872,640)
Net increase/(decrease) in cash and cash equivalents	60,826,228	20,093,804	6,021,217	(2,302,581)
Cash and cash equivalents at the beginning of the financial year	47,252,465	24,300,225	(6,856,063)	(4,553,482)
Effects of exchange rate changes	(11,113,738)	2,858,436	-	-
Cash and cash equivalents at the end of the financial year	96,964,955	47,252,465	(834,846)	(6,856,063)
CASH AND CASH EQUIVALENTS COMPRISE:				
Deposits with licensed financial institutions	70,126,366	43,196,575	1,807	1,754
Cash and bank balances	43,893,681	21,352,163	6,064,365	17,000
Bank overdrafts	(15,853,947)	(16,105,838)	(6,899,211)	(6,873,063)
	98,166,100	48,442,900	(833,039)	(6,854,309)
Less: Deposits pledged to licensed financial institutions	(719,845)	(1,188,681)	-	-
Less: Deposits with maturity period above 3 months	(481,300)	(1,754)	(1,807)	(1,754)
	96,964,955	47,252,465	(834,846)	(6,856,063)

(a) Reconciliation of liabilities arising from financing activities:

	1 April 2017 RM	Cash flows RM	Non-cash Addition RM	31 March 2018 RM
Group				
Term loan	74,924,023	3,475,155	-	78,399,178
Finance lease liabilities	4,382,833	(2,563,220)	1,770,000	3,589,613
Revolving credit	5,000,000	-	-	5,000,000
	84,306,856	911,935	1,770,000	86,988,791
Company				
Finance lease liabilities	3,578,169	(1,657,335)	720,000	2,640,834
Revolving credit	5,000,000	-	-	5,000,000
	8,578,169	(1,657,335)	720,000	7,640,834

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Brem Holding Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at 3rd Floor, Brem House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of general contractors, property development, property investments and investment holding. All other operational activities of the Group are undertaken by respective subsidiaries and associates and are disclosed in Notes 8 and 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

(b) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

(c) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in Note 2.4 to the financial statements.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 3 to the financial statements.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New FRS, amendments/improvements to FRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

(a) **Adoption of amendments/improvements to FRSs**

The Group and the Company had adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs	
FRS 12	Disclosures of Interest in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, except for that as discussed below:

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2.3 MASB Approved Accounting Standards ("MFRSs")

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRS Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs Framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using MFRSs framework for financial year ending 31 March 2019. The main effects arising from the transition to MFRSs Framework are discussed below.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs") (Continued)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

- In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Group is currently assessing the impact of the adoption of this standard.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

The Group is currently assessing the impact of the adoption of this standard.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs") (Continued)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions, and include the required additional disclosure in their financial statements of that year.

2.4 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Under the acquisition method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of acquisition over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.4(i) to the financial statements. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as bargain purchase gain in profit or loss on the date of acquisition.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs for acquisition between 1 January 2006 and 1 January 2011, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Transaction costs for acquisition on or after 1 January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed in profit or loss immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceeds the non-controlling interests.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains on transactions between the Group and the associated companies are eliminated against the investment to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

Unrealised losses are eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group exercises significant influence but not control, through participation in the financial and operating policy decision of the companies.

Investments in associates are accounted for in the consolidated financial statements by the equity method, less any impairment losses, of accounting based on the audited or management financial statements of the associates unless it is classified as held for sale. Under the equity method of accounting, the Group's share of profits less losses of the associates during the financial year is included in the consolidated statement of comprehensive income, from the date that significant influence commences until the date that significant influence ceases. The Group's interest in the associates is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition accumulated profits or accumulated losses and other reserves.

When the Group's share of losses exceeds its interest in an equity associate, the carrying amount of that interest (including any long term investment) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(a) **Basis of consolidation (Continued)**

(v) **Joint arrangements (Continued)**

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures.*

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(b) **Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold land and building	Over the term of leases of 50 to 97 years
Plant and machinery	20%
Motor vehicles	20%
Furniture, fittings, equipment and renovation	10% - 25%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.4(n) to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(c) Operating financial assets

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements include infrastructure used in public-to-private service concession arrangement for its entire concession period.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

Any asset carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

(d) Properties development activities

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(e) Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services.

The Group has adopted the cost method in measuring investment properties. Investment properties are measured initially at its cost, including transaction cost. Subsequent to initial recognition, all properties are stated at cost less accumulated depreciation and any impairment losses.

No depreciation is provided for freehold land. Freehold building is depreciated at the annual rate of 2%.

Long term leasehold land and building are depreciated evenly over the period ranging from 50 to 97 years.

On disposal of such properties, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

(f) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the percentage of completion method. The percentage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprise the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(g) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are stated at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(n) to the financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.4 Significant Accounting Policies (Continued)

(h) **Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(i) **Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any impairment losses.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For acquisition between 1 January 2006 and 31 December 2010, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

For acquisition on or after 1 January 2011, the Group considers the following in measuring goodwill at the acquisition date:

- The fair value of the consideration transferred;
- The recognised amount of any non-controlling interests in the acquisition;
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; and
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, at the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit, including allocated goodwill. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

As permitted under the transitional provision of FRS 121: The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4(w) (iii) to the financial statements.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(j) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined principally on a first-in, first-out basis (FIFO). The cost of raw material comprises the original cost of purchase plus the cost of bringing the inventory to their present location and condition. Cost of work-in-progress and finished goods consist of direct materials, direct labour and direct overheads.

Property inventories are valued at the lower of cost and net realisable value. Cost is determined on specific identification basis. Cost of property inventories comprises the attributable costs of land and related development costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and deposits pledged to licensed financial institutions.

(l) Treasury shares

The Company shares repurchased and held are designated as treasury shares. These shares are treated as unissued shares and presented as a deduction from total equity. Should such shares be cancelled, their nominal amounts will be eliminated and the differences between their cost and nominal amounts will be taken to reserves as appropriate.

(m) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(m) **Financial assets (Continued)**

(ii) **Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(iii) **Loans and receivables**

Financial assets classified as loans and receivable comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iv) **Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(m) **Financial assets (Continued)**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales is a purchases or sales of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned. All regular way purchases or sales of financial asset are recognised and derecognised, as applicable, using trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(n) **Impairment of non-financial assets**

The Group assesses at the end of each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (“CGU”)).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(o) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss of an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(q) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(r) Leases (Continued)

(ii) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(s) Provisions for liabilities

Provisions for liabilities are recognised when the Group have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial statements date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(t) **Financial liabilities (Continued)**

(ii) **Other financial liabilities**

The Group’s and the Company's other financial liabilities include trade payables, other payables, amount due to subsidiaries companies, amount due to Directors, debentures, term loans, bank overdraft, revolving credit, hire purchase payables and amount due to subsidiaries.

Trade payables, other payables and amount due to subsidiaries are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Term loans, bank overdraft, revolving credit and hire purchase payables are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(u) **Revenue and other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) **Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.4(f) to the financial statements.

(ii) **Property development**

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.4(d) to the financial statements.

(iii) **Sale of goods and services**

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer or when services are rendered.

(iv) **Rental income**

Rental income is recognised on a straight-line basis over the term of the lease.

(v) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.4 Significant Accounting Policies (Continued)

(u) **Revenue and other income (Continued)**

(vi) **Concession arrangements**

Revenue for construction services provided under the concession arrangement for water treatment plants is recognised based on the percentage of completion.

When the Group invoices the customer during the operation phase of the concession period, it will apportion the amount to be collected from the invoice between:

- a repayment of the operating financial asset, which will be used to reduce the carrying amount of the operating financial asset on the statements of financial position;
- interest income, which will be recognised as finance income in the profit or loss;
- a administrative fee received, which will be recognised based on monthly fixed fee and recognised when earned over the term of the concession; and
- revenue from bulk sale of treated water, which will be recognised in the profit or loss as and when services are rendered.

(v) **Taxes**

(i) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) **Deferred Tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(v) **Taxes (Continued)**

(ii) **Deferred tax (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(w) **Foreign currency**

(i) **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(ii) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(w) **Foreign currency (Continued)**

(ii) **Foreign currency transactions (Continued)**

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) **Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the translations. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The closing rates used in the translation are:

	Group	
	2018 **RM**	**2017** **RM**
Papua New Guinea Kina	1.190	1.394

(x) **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when substantially all the activities necessary to prepare the assets for its intended use or sale are completed.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(y) **Employee benefits**

(i) **Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which associated services rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(y) Employee benefits (Continued)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense which the Group has a detailed formal plan for the termination and is without realistic possible of withdrawal.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the managing director who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(aa) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(ab) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absences of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

(a) **Impairment of goodwill (Note 13)**

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 13 to the financial statements.

(b) **Property development (Note 14)**

Judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as recoverability of the property development costs. In making these judgements, the Group and the Company evaluate based on past experience, external economic factors, by relying on the work/opinion of specialists and continuous monitoring mechanism.

Adjustments based on the percentage-of-completion method are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group and the Company recognise a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

(c) **Construction (Note 16)**

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Judgement is required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Group						
2018						
Cost						
At 1 April 2017	12,011	447,918	13,836,455	5,158,663	3,388,052	22,843,099
Additions	-	-	1,245,000	721,924	114,358	2,081,282
Foreign exchange difference	-	(57,120)	(35,957)	-	(61,151)	(154,228)
Disposals/written off	-	-	(165,000)	(500,475)	(29,619)	(695,094)
At 31 March 2018	12,011	390,798	14,880,498	5,380,112	3,411,640	24,075,059

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold land RM	Leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Group (Continued)						
2018						
Accumulated depreciation						
At 1 April 2017	-	117,348	11,830,381	4,263,766	2,223,761	18,435,256
Charge for the year	-	3,932	866,485	569,116	369,983	1,809,516
Foreign exchange difference	-	(9,054)	(35,957)	-	(52,453)	(97,464)
Disposals/written off	-	-	(164,999)	(500,473)	(28,692)	(694,164)
At 31 March 2018	-	112,226	12,495,910	4,332,409	2,512,599	19,453,144
Carrying amount						
At 31 March 2018	12,011	278,572	2,384,588	1,047,703	899,041	4,621,915
2017						
Cost						
At 1 April 2016	12,011	409,978	13,557,571	5,554,719	2,787,485	22,321,764
Additions	-	-	255,000	2,248	685,877	943,125
Foreign exchange difference	-	37,940	23,884	-	40,412	102,236
Disposals/written off	-	-	-	(398,304)	(125,722)	(524,026)
At 31 March 2017	12,011	447,918	13,836,455	5,158,663	3,388,052	22,843,099
Accumulated depreciation						
At 1 April 2016	-	107,707	11,126,512	4,076,752	1,919,640	17,230,611
Charge for the year	-	4,037	679,985	585,317	395,623	1,664,962
Foreign exchange difference	-	5,604	23,884	-	32,502	61,990
Disposals/written off	-	-	-	(398,303)	(124,004)	(522,307)
At 31 March 2017	-	117,348	11,830,381	4,263,766	2,223,761	18,435,256
Carrying amount						
At 31 March 2017	12,011	330,570	2,006,074	894,897	1,164,291	4,407,843

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and machinery RM	Motor vehicles RM	Furniture, fittings, equipment and renovation RM	Total RM
Company				
2018				
Cost				
At 1 April 2017	6,252,175	2,840,903	1,039,739	10,132,817
Additions	720,000	67,000	20,297	807,297
Disposals	-	(500,475)	(15,375)	(515,850)
At 31 March 2018	6,972,175	2,407,428	1,044,661	10,424,264
Accumulated depreciation				
At 1 April 2017	5,192,239	2,324,843	740,978	8,258,060
Charge for the year	454,085	269,320	115,011	838,416
Disposals	-	(500,473)	(15,362)	(515,835)
At 31 March 2018	5,646,324	2,093,690	840,627	8,580,641
Carrying amount				
At 31 March 2018	1,325,851	313,738	204,034	1,843,623
2017				
Cost				
At 1 April 2016	5,997,175	3,239,207	1,137,941	10,374,323
Additions	255,000	-	26,380	281,380
Disposals	-	(398,304)	(124,582)	(522,886)
At 31 March 2017	6,252,175	2,840,903	1,039,739	10,132,817
Accumulated depreciation				
At 1 April 2016	4,854,654	2,422,051	738,306	8,015,011
Charge for the year	337,585	301,095	126,415	765,095
Disposals	-	(398,303)	(123,743)	(522,046)
At 31 March 2017	5,192,239	2,324,843	740,978	8,258,060
Carrying amount				
At 31 March 2017	1,059,936	516,060	298,761	1,874,757

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,081,282 (2017: RM943,125) and RM807,297 (2017: RM281,380) of which RM1,770,000 (2017: RM530,000) and RM720,000 (2017: RM255,000) were acquired by means of hire purchase arrangements. Cash payments of RM311,282 (2017: RM413,125) and RM87,297 (2017: RM26,380) were used to acquire the property, plant and equipment.

(b) Included in property, plant and equipment of the Group and of the Company are motor vehicles acquired under hire purchase arrangements with net carrying amount of RM762,881 (2017: RM915,114) and RM40,476 (2017: RM399,728) respectively.

Notes to the Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Included in property, plant and equipment of the Group and of the Company are plant and machineries acquired under hire purchase arrangements with net carrying amount of RM1,814,400 (2017: RM1,472,409) and RM833,000 (2017: RM716,609) respectively.

(d) The depreciation of property, plant and equipment charged for the financial year is as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Amount due from contract customers (Note 16)	607,217	505,307	607,217	505,307
Profit before taxation (Note 34)	1,202,299	1,159,655	231,199	259,788
	1,809,516	1,664,962	838,416	765,095

5. OPERATING FINANCIAL ASSETS

	Group	
	2018 RM	**2017 RM**
At 1 April 2017/2016	55,909,544	69,064,914
Interest income	5,941,163	9,056,667
Payment by grantor	(27,907,200)	(28,648,080)
Exchange difference	(6,447,725)	6,436,043
At 31 March	27,495,782	55,909,544
Net carrying amount		
Non-current	4,209,434	32,210,740
Current	23,286,348	23,698,804
	27,495,782	55,909,544

The Group has concession arrangements with a governing body of the government of Papua New Guinea (the "grantor") to operate water treatment plants. Under the concession agreements, the Group will construct and operate the plants and water distribution networks for a Concession Period of 22 years commencing year 1997 and transfer the plant to the grantor at the end of the Concession Period ending year 2019. Such concession arrangements fall within the scope of IC Interpretation 12, Service Concession Arrangements.

The amount, being the financial assets arising from the above concession agreement was initially recognised at the fair value of the consideration receivables for the construction service delivered during the stage of construction. It carries interest at a rate of 13% (2017: 13%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement.

The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is initially measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the interest income on that amount is calculated using the effective interest method.

Under IC Interpretation 12, the revenue is recognised based on Note 2.4(u)(vi) to the financial statements.

6. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
At 1 April 2016	117,200,953	124,209,668	48,262,393	289,673,014
Additions	-	-	2,673,510	2,673,510
At 31 March 2017	117,200,953	124,209,668	50,935,903	292,346,524
Additions	3,146,037	-	10,291,437	13,437,474
Disposal of a subsidiary	(17,200,000)	-	(16,149,063)	(33,349,063)
At 31 March 2018	103,146,990	124,209,668	45,078,277	272,434,935

	Freehold land RM	Development expenditure RM	Total RM
Company			
At 1 April 2016	32,305,486	1,689,245	33,994,731
Additions	-	113,425	113,425
At 31 March 2017	32,305,486	1,802,670	34,108,156
Additions	-	72,117	72,117
At 31 March 2018	32,305,486	1,874,787	34,180,273

(a) Included in land held for property development of the Group is interest expense capitalised of RM2,146,953 (2017: RM2,938,853).

(b) The land held for property development of the Group with carrying value of RM92,572,062 (2017: RM142,884,173) has been pledged as security for a financing facility as disclosed in Note 25 to the financial statements.

7. INVESTMENT PROPERTIES

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Group				
2018				
Cost				
At 1 April 2017	40,709	33,791,788	92,393,912	126,226,409
Additions	-	-	10,120	10,120
At 31 March 2018	40,709	33,791,788	92,404,032	126,236,529
Accumulated depreciation				
At 1 April 2017	-	5,611,924	15,814,706	21,426,630
Charge for the year	-	422,317	1,844,904	2,267,221
At 31 March 2018	-	6,034,241	17,659,610	23,693,851
Carrying amount				
At 31 March 2018	40,709	27,757,547	74,744,422	102,542,678

Notes to the Financial Statements

7. INVESTMENT PROPERTIES (Continued)

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Group				
2017				
Cost				
At 1 April 2016/31 March 2017	40,709	33,791,788	92,393,912	126,226,409
Accumulated depreciation				
At 1 April 2016	-	5,189,607	13,969,802	19,159,409
Charge for the year	-	422,317	1,844,904	2,267,221
At 31 March 2017	-	5,611,924	15,814,706	21,426,630
Carrying amount				
At 31 March 2017	40,709	28,179,864	76,579,206	104,799,779

(a) The Group's investment properties comprise commercial properties, factory building and apartment that are mainly leased to third parties.

The fair value of the commercial properties of approximately RM120,000,000 (2017: RM120,000,000) is determined by an external independent property valuers.

The fair value of factory building and apartment that are leased to third parties of approximately RM12,209,000 (2017: RM17,079,000) are determined by the directors based on the relevant information available through internal research and their best estimates.

The estimated fair values of investment properties were arrived at using the income approach, comparable method and the cost method of valuation. The value of the land is arrived at by reference to similar land in the locality and adjusting for location, terrain, size, present market trends and other differences, where applicable. The value of the building is estimated by calculating the cost to recreate or obtain a similar asset offering equivalent utility. The cost is then adjusted to allow for physical deterioration and other forms of obsolescence. The significant unobservable inputs used in the valuation are price per square foot and construction cost per square foot.

(b) Fair value of investment properties for the Group is categorised as follows:

	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Group				
Asset for which fair value is disclosed				
Land and buildings				
2018	132,209,000	-	-	132,209,000
2017	137,079,000	-	-	137,079,000

7. INVESTMENT PROPERTIES (Continued)

(c) The following are recognised in profit or loss in respect of investment properties:

	Group 2018 RM	Group 2017 RM
Rental income	13,935,401	14,337,442
Direct operating expenses:		
- income generating investment properties	(7,453,033)	(7,881,941)
- non-income generating investment properties	(2,403,022)	(4,047,376)
	4,079,346	2,408,125

(d) The total carrying amount of a leasehold land and building of a subsidiary amounting to RM94,721,332 (2017: RM106,013,405) are pledged to financial institutions as collaterals for banking facilities as disclosed in Note 25 to the financial statements.

8. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM	Company 2017 RM
Unquoted shares at cost	93,422,084	93,422,084
Less: Impairment loss	(2,800,000)	(2,800,000)
	90,622,084	90,622,084
Quasi loans	23,657,562	23,649,561
	114,279,646	114,271,645

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

The details of the subsidiaries are as follows:

Name of Company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal place of business/ Country of incorporation	Principal activities
Direct				
Brem Construction Sdn. Bhd. #	100.00	100.00	Malaysia	Civil engineering and general construction.
Brem Aluminium & Glass Sdn. Bhd. #	100.00	100.00	Malaysia	Dormant.
Brem Maju Sdn. Bhd.	50.25	50.25	Malaysia	Civil engineering and general construction.
Brem Oversea Investments Pte. Ltd. #	70.00	70.00	Hong Kong	Dormant.
Cosmo-One Realty Sdn. Bhd. #	100.00	100.00	Malaysia	Property investment.
Global Water Sdn. Bhd.	100.00	100.00	Malaysia	Investment holding.
Harmony Property Sdn. Bhd.	75.00	75.00	Malaysia	Property development.
Intan Kemuncak Sdn. Bhd. #	100.00	100.00	Malaysia	Property development.
Naga Istimewa Sdn. Bhd.	100.00	100.00	Malaysia	Property development, contractor and investment holding.
Titi Kaya Sdn. Bhd.	48.33	48.33	Malaysia	Property development and investment holding.

Notes to the Financial Statements

8. INVESTMENT IN SUBSIDIARIES (Continued)

Name of Company	Effective equity interest 2018 %	2017 %	Principal place of business/ Country of incorporation	Principal activities
Indirect through Titi Kaya Sdn. Bhd.				
Eng Ann Realty Co. (Klang) Sdn. Bhd.	48.33	48.33	Malaysia	Property development.
Wonderful Perfection Sdn. Bhd.	29.00	29.00	Malaysia	Property development.
NPO Builders Sdn. Bhd.	-	24.65	Malaysia	Property development.
Indirect through Global Water Sdn. Bhd.				
PNG Water Limited #	51.00	51.00	Papua New Guinea	Water concession.
Indirect through Brem Maju Sdn. Bhd.				
Brem Maju (PNG) Limited #	50.25	50.25	Papua New Guinea	Civil engineering and general construction.

* *The directors have concluded that the group controls Titikaya Sdn. Bhd., even though it holds less than half of the voting rights of this subsidiary. This is because the Group is the largest shareholder with a 48% equity interest, while the remaining shares are held by 3 investors.*

\# *Audited by audit firms other than Baker Tilly Monteiro Heng.*

(a) During the financial year, the Group disposed of its equity interest in NPO Builders Sdn. Bhd. for sales consideration of approximately RM46.6 million which was settled by equity shares of purchaser. Details are as disclosed in Note 44 to the financial statements.

(b) The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Name of company	Principal place of business/ country of incorporation	Effective equity interest 2018 %	2017 %
Brem Maju Sdn. Bhd.	Malaysia	49.75	49.75
Harmony Property Sdn. Bhd.	Malaysia	25.00	25.00
Titi Kaya Sdn. Bhd.	Malaysia	51.67	51.67
PNG Water Limited	Papua New Guinea	49.00	49.00

Carrying amount of material non-controlling interests:

Name of company	2018 RM	2017 RM
Brem Maju Sdn. Bhd. and its subsidiaries ("Brem Maju Group")	14,840,206	6,045,665
Harmony Property Sdn. Bhd.	25,175,116	22,501,260
Titi Kaya Sdn. Bhd. and its subsidiaries ("Titi Kaya Group")	67,558,408	55,007,923
PNG Water Limited	51,560,864	56,862,284

Profit allocated to material non-controlling interests:

Name of company	2018 RM	2017 RM
Brem Maju Group	11,583,139	3,104,638
Harmony Property Sdn. Bhd.	3,083,398	939,802
Titi Kaya Group	10,469,604	26,275
PNG Water Limited	3,290,125	3,895,622

8. INVESTMENT IN SUBSIDIARIES (Continued)

(c) The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	Brem Maju Group RM	Harmony Property Sdn. Bhd. RM	Titi Kaya Group RM	PNG Water Limited RM
Summarised statements of financial position				
As at 31 March 2018				
Current assets	61,660,419	230,496,239	101,725,792	104,054,034
Non-current assets	3,672,581	208,241,958	79,937,269	4,209,451
Current liabilities	(35,028,762)	(285,468,333)	(40,036,186)	(3,037,232)
Non-current liabilities	(475,017)	(52,569,408)	-	-
Net assets	29,829,221	100,700,456	141,626,875	105,226,253
Summarised statements of comprehensive income				
For the financial year ended 31 March 2018				
Revenue	175,156,738	72,256,837	-	32,408,058
Profit for the financial year	23,282,925	12,333,591	20,185,087	6,714,542
Other comprehensive income	(580,409)	-	-	(17,508,691)
Total comprehensive income	22,702,516	12,333,591	20,185,087	(10,794,149)
Summarised cash flow information				
For the financial year ended 31 March 2018				
Cash flows from/(used in) operating activities	12,505,765	(66,181,318)	28,027,646	25,212,230
Cash flows (used in)/from investing activities	(2,768,161)	31,893	(5,666,628)	1,427,462
Cash flows (used in)/from financing activities	(8,872,770)	67,832,875	39,839	(489,482)
Net increase in cash and cash equivalents	864,834	1,683,450	22,400,857	26,150,210
Dividends paid to non-controlling interests	2,487,500	-	-	-
Summarised statements of financial position				
As at 31 March 2017				
Current assets	40,316,186	160,185,539	19,568,996	88,011,821
Non-current assets	3,481,069	189,311,000	114,673,176	32,210,760
Current liabilities	(31,391,401)	(208,425,867)	(12,200,563)	(4,202,175)
Non-current liabilities	(253,929)	(53,862,897)	-	-
Net assets	12,151,925	87,207,775	122,041,609	116,020,406
Summarised statements of comprehensive income				
Financial year ended 31 March 2017				
Revenue	92,559,710	37,091,284	-	31,566,155
Profit for the financial year	6,326,780	4,654,997	126,579	7,932,247
Other comprehensive income	381,851	-	-	10,871,955
Total comprehensive income	6,708,631	4,654,997	126,579	18,804,202
Summarised cash flow information				
Financial year ended 31 March 2017				
Cash flows from/(used in) operating activities	32,124,143	(33,717,512)	(1,331,144)	15,139,301
Cash flows (used in)/from investing activities	(20,276,425)	25,622	971,086	9,746,811
Cash flows (used in)/from financing activities	(8,749,488)	28,426,690	-	-
Net increase/(decrease) in cash and cash equivalents	3,098,230	(5,265,200)	(360,058)	24,886,112
Dividends paid to non-controlling interests	4,000,000	-	-	-

Notes to the Financial Statements

9. INVESTMENT IN ASSOCIATES

	Group 2018 RM	Group 2017 RM
Unquoted shares at cost	6,247,000	6,247,000
Additional investments	9,653,000	-
	15,900,000	6,247,000
Share of post acquisition results	(4,741,095)	(5,223,163)
	11,158,905	1,023,837
Amount due from associates	47,181,636	48,812,659
	58,340,541	49,836,496

The investment in the associates of the Group is measured using the equity method.

	Company 2018 RM	Company 2017 RM
Unquoted shares at cost	14,700,000	5,047,000
Amount due from associates	47,181,636	48,812,659
	61,881,636	53,859,659

The amount due from associates represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's and the Company's net investment in the associates.

The details of the associates are as follows:

Name of Company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal place of business/ Country of incorporation	Principal activities
Topaz Teguh Sdn. Bhd.#	49.00	49.00	Malaysia	Operators of bowling and snooker centre.
GJH Ventures Sdn. Bhd.#	49.00	49.00	Malaysia	Investment holding.
GJH Prestige Sdn. Bhd. #	49.00	49.00	Malaysia	Investment holding.
Konsortium Amanie JV Sdn. Bhd.#	-	15.00	Malaysia	Water treatment plant.

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(a) **Acquisition of Konsortium Amanie JV Sdn. Bhd.**

In the previous financial year, the Group acquired an 15% controlling interest in the equity shares of Konsortium Amanie JV Sdn. Bhd., representing 150,000 ordinary shares of RM1 of each of for cash consideration of RM150,000.

(b) **Additional subscription of shares**

On 22 March 2018, the Group subscribe additional 9,653,000 ordinary shares RM1 of each of GJH Ventures Sdn. Bhd. for cash consideration of RM9,653,000.

(c) **Disposal of Konsortium Amanie JV Sdn. Bhd.**

On 11 April 2017, the Group disposed its 15% equity investment in Konsortium Amanie JV Sdn. Bhd. for a total consideration of RM8,250,000.

9. **INVESTMENT IN ASSOCIATES (Continued)**

The following table illustrates the summarised financial information of the Group's material associates adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM
31 March 2018		
Assets and liabilities:		
Current assets	35,079,105	23,057,760
Non-current assets	110,194,686	160,285,551
Current liabilities	(77,245,384)	(109,561,132)
Non-current liabilities	(50,567,019)	(63,886,009)
Net assets	17,461,388	9,896,170
Equity attributable to:		
Owners of the associated company	17,461,388	3,511,648
Non-controlling interests of the associated company	-	6,384,522
	17,461,388	9,896,170
Results:		
Revenue	5,818,177	51,276,172
(Loss)/Profit for the financial year	(633,505)	3,181,316
Other comprehensive income	-	-
Total comprehensive (loss)/income	(633,505)	3,181,316
(Loss)/Profit for the financial year attributable to:		
- owners of the associated company	(633,505)	1,617,315
- non-controlling interests of the associated company	-	1,564,001
	(633,505)	3,181,316

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM	Other individually immaterial associates RM	Total RM
31 March 2018				
Reconciliation of net assets to carrying amount:				
Share of net (liabilities)/assets at acquisition date	(605,706)	4,717,466	711,745	4,823,505
Goodwill on acquisition	752,706	182,534	488,255	1,423,495
Additional investment	9,653,000	-	-	9,653,000
Cost of investment	9,800,000	4,900,000	1,200,000	15,900,000
Share of post-acquisition losses	(775,987)	(2,765,108)	(1,200,000)	(4,741,095)
Amount due from associates	23,317,586	23,864,050	-	47,181,636
Carrying amount in the statement of financial position	32,341,599	25,998,942	-	58,340,541
Group's share of results:				
Group's share of (loss)/profit	(310,417)	792,484	-	482,067
Group's share of other comprehensive loss	-	-	-	-
Group's share of total comprehensive loss	(310,417)	792,484	-	482,067

Notes to the Financial Statements

9. INVESTMENT IN ASSOCIATES (Continued)

Group	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM
31 March 2017		
Assets and liabilities:		
Current assets	4,830,292	8,324,187
Non-current assets	110,556,215	200,311,664
Current liabilities	(65,957,520)	(110,491,796)
Non-current liabilities	(51,615,268)	(90,778,331)
Net (liabilities)/assets	(2,186,281)	7,365,724
Equity attributable to:		
Owners of the associated company	(2,186,281)	2,368,112
Non-controlling interests of the associated company	-	4,782,782
	(2,186,281)	7,150,894
Results:		
Revenue	-	-
Loss for the financial year	(319,101)	(5,507,713)
Other comprehensive income	-	-
Total comprehensive loss	(319,101)	(5,507,713)
Loss for the financial year attributable to:		
- owners of the associated company	(319,101)	(2,813,271)
- non-controlling interests of the associated company	-	(2,694,442)
	(319,101)	(5,507,713)

	GJH Ventures Sdn. Bhd. and its subsidiaries RM	GJH Prestige Sdn. Bhd. and its subsidiaries RM	Other individually immaterial associates RM	Total RM
31 March 2017				
Reconciliation of net assets to carrying amount:				
Share of net (liabilities)/assets at acquisition date	(605,706)	4,717,466	711,745	4,823,505
Goodwill on acquisition	752,706	182,534	488,255	1,423,495
Cost of investment	147,000	4,900,000	1,200,000	6,247,000
Share of post-acquisition losses	(465,571)	(3,557,592)	(1,200,000)	(5,223,163)
Amount due from associates	23,348,609	25,464,050	-	48,812,659
Share of post-acquisition other comprehensive income	-	-	-	-
Carrying amount in the statement of financial position	23,030,038	26,806,458	-	49,836,496
Group's share of results:				
Group's share of loss	(318,571)	(1,379,004)	-	(1,697,575)
Group's share of other comprehensive loss	-	-	-	-
Group's share of total comprehensive loss	(318,571)	(1,379,004)	-	(1,697,575)

The Group has not recognised losses relating to Topaz Teguh Sdn. Bhd. where the shares of losses exceeds the Group's interest in the associates. The Group's cumulative share of unrecognised losses at 31 March 2018 was RM370,131 (2017: RM284,479). The share of the current year's unrecognised losses amounts to RM85,652 (2017: RM83,493).

10. INVESTMENT IN JOINT VENTURES

	Group 2018 RM	Group 2017 RM
Unquoted shares at cost	2	2
Share of post acquisition results	(110,210)	(72,297)
	(110,208)	(72,295)
Amount due from joint ventures	29,070,730	28,995,730
	28,960,522	28,923,435

The investment in the joint ventures of the Group is measured using the equity method.

The amount due from joint ventures represents advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substances, a part of the Group's net investment in the joint ventures.

Details of the joint ventures are as follows:

Name of Company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal place of business/ Country of incorporation	Principal activities
Held by Eng Ann Realty Co. (Klang) Sdn. Bhd.				
Jade Square Sdn. Bhd. ("JSSB") #	50.00	50.00	Malaysia	Dormant.
United Allied Master Sdn. Bhd. ("UAMSB") #	50.00	50.00	Malaysia	Dormant.

\# *Audited by audit firms other than Baker Tilly Monteiro Heng.*

The aggregate amounts of each of the current assets, non-current assets, current liabilities and non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entity are as follows:

	JSSB and UAMSB 2018 RM	JSSB and UAMSB 2017 RM
Group		
Assets and liabilities:		
Current assets	28,548	3,970
Non-current assets	57,941,460	57,941,460
Current liabilities	(58,190,427)	(58,090,023)
Non-current liabilities	-	-
Net liabilities	(220,419)	(144,593)
Included in the assets and liabilities are:		
Cash and cash equivalents	28,548	3,970
Current financial liabilities (excluding trade and other payables and provisions)	15,228	74,045
Results:		
Revenue	-	-
Loss for the financial year	(75,826)	(32,544)
Other comprehensive income	-	-
Total comprehensive loss	(75,826)	(32,544)

Notes to the Financial Statements

11. OTHER INVESTMENTS

	Group 2018 RM	Group 2017 RM
Non-current		
Held-to-maturity investments		
At cost		
- Unquoted equity securities	595,445	595,445
Current		
Available-for-sale ("AFS") financial assets		
At fair value:		
- Quoted equity securities	51,267,395	-

(a) Quoted equity securities were obtained as settlement consideration for the disposal of a subsidiary as disclosed in Note 44 to the financial statements. The Group has assessed and provided an impairment of RM20,313,496 based on market value of these quoted equity securities as at reporting date.

(b) The Group have intention to dispose the quoted equity securities and have disposed RM27.5 million quoted equity shares subsequent to the financial year. Details as disclosed in Note 45 to the financial statements.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Unrealised profit on intercompany transaction RM	Unabsorbed loss and capital allowance RM	Others RM	Total RM
Group				
Deferred tax assets				
2018				
At 1 April 2017	8,805,050	406,676	87,523	9,299,249
Recognised in profit or loss	2,940,238	(14,968)	-	2,925,270
Reclassification	-	87,523	(87,523)	-
Foreign exchange difference	-	(83,782)	-	(83,782)
At 31 March 2018	11,745,288	395,449	-	12,140,737
2017				
At 1 April 2016	6,375,751	406,676	39,486	6,821,913
Recognised in profit or loss	2,429,299	-	796	2,430,095
Foreign exchange difference	-	-	47,241	47,241
At 31 March 2017	8,805,050	406,676	87,523	9,299,249

Notes to the Financial Statements

12. DEFERRED TAX ASSETS/(LIABILITIES) (Continued)

	Revaluation surplus RM	Accelerated capital allowances RM	Others RM	Total RM
Group				
Deferred tax liabilities				
2018				
At 1 April 2017	4,404,324	4,399,336	(13,194)	8,790,466
Recognised in profit or loss	(81,358)	(647,861)	-	(729,219)
At 31 March 2018	4,322,966	3,751,475	(13,194)	8,061,247
2017				
At 1 April 2016	4,404,324	4,397,939	(13,194)	8,789,069
Recognised in profit or loss	-	1,397	-	1,397
At 31 March 2017	4,404,324	4,399,336	(13,194)	8,790,466

	2018 RM	2017 RM
Company		
Deferred tax liabilities		
At 1 April 2017/2016/31 March	229,487	229,487
Representing the tax effect of:		
- Property, plant and equipment	242,681	242,681
- Provision for annual leave	(13,194)	(13,194)
	229,487	229,487

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2018 RM	2017 RM
Deductible temporary difference in respect of expenses	4,874,694	-
Unabsorbed capital allowance	4,892	4,623
Unused tax losses	3,421,379	4,658,895
	8,300,965	4,663,518

13. GOODWILL ON CONSOLIDATION

(a) The carrying amount of the goodwill allocated to each cash generating unit ("CGU") are as follows:

	Group 2018 RM	Group 2017 RM
Property development segment	11,007,585	11,017,467
Property investment segment	7,818,799	7,818,799
Other segments	1,130,966	1,676,116
	19,957,350	20,512,382
Less: Impairment loss	(2,857,868)	(545,151)
	17,099,482	19,967,231

Notes to the Financial Statements

13. GOODWILL ON CONSOLIDATION (Continued)

(b) The recoverable amounts of the CGUs have been determined based on the value in use calculations using cash flow projections approved by the management. Value in use of the material segments was determined by discounting future cash flows over a five-year period expected to be generated from continuing use of the respective CGUs.

(c) The calculation of value in use for the respective CGUs are most sensitive to the following assumptions:

(i) revenue projection for property development segment and property investment segment are based on the sale of development properties, rental of investment properties and operating expenses, where applicable; and

(ii) pre-tax discount rate for property development segment and property investment segment of 14% and 14% respectively, reflects the current market assessment of the risks specific to the segments.

The directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

(d) During the financial year, goodwill amounting to RM2,857,868 (2017: RM545,151) was impaired as the cash generating unit has been inactive and the Group does not expect any significant cash flows to be generated from it.

14. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Freehold land at cost				
At 1 April 2017/2016	45,733,277	45,813,392	6,022,744	6,022,744
Closing of completed projects	-	(80,115)	-	-
At 31 March	45,733,277	45,733,277	6,022,744	6,022,744
Development costs				
At 1 April 2017/2016	132,557,171	104,689,509	8,164,848	8,156,552
Cost incurred during the financial year	48,458,491	39,065,147	401,134	8,296
Transfer to inventories	-	(2,708,397)	-	-
Closing of completed projects	-	(8,489,088)	-	-
At 31 March	181,015,662	132,557,171	8,565,982	8,164,848
Property development cost as at 31 March	226,748,939	178,290,448	14,588,726	14,187,592
Cost recognised in profit or loss				
At 1 April 2017/2016	(37,536,379)	(18,745,438)	(1,618,751)	(1,618,751)
Recognised during the financial year	(50,426,091)	(27,360,144)	-	-
Closing of completed projects	-	8,569,203	-	-
At 31 March	(87,962,470)	(37,536,379)	(1,618,751)	(1,618,751)
Total property development costs at 31 March	138,786,469	140,754,069	12,969,975	12,568,841
Property development cost at 31 March				
Freehold land	39,280,202	42,937,023	5,701,738	5,721,607
Development costs	99,506,267	97,817,046	7,268,237	6,847,234
	138,786,469	140,754,069	12,969,975	12,568,841

14. PROPERTY DEVELOPMENT COSTS (Continued)

(a) The freehold land under development of the Group and of the Company amounting to RM1,019,734 (2017: RM1,019,734) and RM1,019,734 (2017: RM1,019,734) respectively are pledged to financial institutions as collaterals for banking facilities as disclosed in Note 25 to the financial statements.

(b) The following expenses incurred during the financial year are included in development costs:

	Group	
	2018 RM	2017 RM
Interest expense	2,176,417	2,585,329

15. INVENTORIES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At cost				
Raw materials	460,438	772,418	460,438	772,418
Completed properties	17,291,247	17,525,872	14,183,850	14,418,475
	17,751,685	18,298,290	14,644,288	15,190,893

The Group has pledged certain completed properties amounting to RM138,720 (2017: RM138,720) as security for bank overdraft facilities as disclosed in Note 25 to the financial statements.

16. TRADE RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current assets				
Trade receivables	1,936,000	3,230,000	-	-
Current assets				
Trade receivables	22,498,278	15,812,536	963,362	-
Contract retention sum	3,882,635	2,274,212	-	-
Accrued billings	36,419,537	4,218,070	-	-
Amount due from contract customers	2,327,063	2,166,881	-	-
	65,127,513	24,471,699	963,362	-
Less: Impairment loss for trade receivables	(389,196)	(804,170)	-	-
	64,738,317	23,667,529	963,362	-
Total trade receivables	66,674,317	26,897,529	963,362	-

The Group's and the Company's normal trade credit terms ranges from 14 to 105 (2017: 14 to 105) days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables is amount of RM1,936,000 (2017: RM4,230,000) due from non-controlling shareholder of a subsidiary.

Notes to the Financial Statements

16. TRADE RECEIVABLES (Continued)

The ageing analysis of the Group's and of the Company's trade receivables and contract retention sum are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Neither past due nor impaired	1,922,008	10,243,291	-	-
Past due but not impaired				
1 to 30 days	8,256,485	6,838,304	963,362	-
31 to 60 days	769,973	227,596	-	-
61 to 90 days	1,266,462	305,207	-	-
91 to 120 days	1,056,149	302,309	-	-
More than 120 days	14,656,640	2,595,871	-	-
	26,005,709	10,269,287	963,362	-
Impaired	389,196	804,170	-	-
	28,316,913	21,316,748	963,362	-

Receivables that are neither past due nor impaired

Trade receivables and contract retention that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

Amounts due from house buyers are mostly with end financing facilities from end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2018 RM	2017 RM
At April 2017/2016	804,170	-
(Reversal)/Charge for the financial year	(414,974)	804,170
At 31 March	389,196	804,170

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The following shows the elements included in amount due from/(to) contract customers:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total contract costs incurred to date	389,332,280	150,213,631	88,076,697	40,450,459
Add: attributable profits	49,879,594	17,403,141	10,868,084	5,412,000
	439,211,874	167,616,772	98,944,781	45,862,459
Less: progress billings	(453,628,963)	(183,359,435)	(152,539,167)	(55,668,134)
	(14,417,089)	(15,742,663)	(53,594,386)	(9,805,675)
Analysed as follows:				
Amount due from contract customers	2,327,063	2,166,881	-	-
Amount due to contract customers (Note 26)	(16,744,152)	(17,909,544)	(53,594,386)	(9,805,675)
	(14,417,089)	(15,742,663)	(53,594,386)	(9,805,675)

Notes to the Financial Statements

16. TRADE RECEIVABLES (Continued)

The following expenses incurred during the financial year are included in the contract costs:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Depreciation of plant and equipment	607,217	505,307	607,217	505,307
Hire of machinery and equipment	668,945	1,262,653	130,749	6,721
Rental of premises	230,392	169,555	19,500	-
Staff costs	7,012,598	4,282,902	1,621,567	1,571,106

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	1,283,550	1,547,504	622,280	273,164
Advances to sub-contractors	1,456,908	5,875,480	1,456,906	3,906,920
GST refundable	276,536	209,966	-	-
Deposits	1,307,874	2,720,105	226,075	259,825
Prepayments	277,067	280,222	272,002	277,323
	4,601,935	10,633,277	2,577,263	4,717,232

The advances to sub-contractors are unsecured and interest free except for amounts of RM1,456,908 (2017: RM5,398,346) which bear interest 8.85% (2017: 1% to 8.85%) per annum. Included in previous year advances to sub-contractors is an amount of RM1,491,426 which was advanced to a company in which its director and major shareholder is related to a director of the Company.

18. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Trade	163,961,574	111,738,867
Non-trade	95,987,749	92,528,748
	259,949,323	204,267,615

The non-trade amount due from subsidiaries are unsecured, interest free and repayable upon demand in cash, except for amount of RM94,459,229 (2017: RM83,090,584) owing by certain subsidiaries which bears interest at the rate of 2% (2017: 2%) per annum above the bank base lending rate.

The trade credit term is as disclosed in Note 16 to the financial statements.

19. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

(a) The interest rates of deposits and the maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2018	2017	2018	2017
Interest rates (%) per annum	2.50 - 3.75	1.25 - 3.48	3.00	3.00
Maturity months	1 - 12	1 - 12	12	12

(b) Deposits of RM1,201,145 (2017: RM1,190,435) of the Group is pledged to financial institutions as security for banking facilities as disclosed in Note 25 to the financial statements.

Notes to the Financial Statements

20. CASH AND BANK BALANCES

Included in the bank balances of the Group is RM3,917,096 (2017: RM1,901,648) which is maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991. This amount is restricted from use in other operations.

21. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid:				
Ordinary shares				
At 1 April/31 March	345,472,344	172,736,172	345,472,344	172,736,172

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

22. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Exchange fluctuation reserve	(6,683,278)	2,538,792	-	-
Retained earnings	380,409,865	351,534,712	217,044,453	218,445,320
	373,726,587	354,073,504	217,044,453	218,445,320

Exchange fluctuation reserve

The exchange fluctuation reserve comprises foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

23. TREASURY SHARES

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
At 1 April	1,101,934	832,533	14,296,062	11,118,459
Purchased during the financial year	35,000	32,155	50,000	44,494
Distribution	-	-	(13,244,128)	(10,330,420)
At 31 March	1,136,934	864,688	1,101,934	832,533

During the financial year, the Company repurchased 35,000 (2017: 50,000) ordinary shares comprising 35,000 (2017: 50,000) ordinary shares, of its issued ordinary shares from open market at an average price of RM0.92 (2017: RM0.89) per share. The total consideration paid for the purchase including transaction costs was RM32,155 (2017: RM44,494) and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia. Treasury shares have no rights to vote, not entitled to dividends and participation in other distribution.

As at 31 March 2018, the total issued and fully paid ordinary share amounts to 345,472,344 (2017: 345,472,344) and the treasury shares held by the Company amounts to 1,136,934 (2017: 1,101,934). The number of outstanding ordinary shares in issue after the set-off of the treasury shares is therefore 344,335,410 (2017: 344,370,410) ordinary shares.

24. HIRE PURCHASE PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments:				
Within 1 year	2,171,880	2,353,579	1,639,384	1,683,357
More than 1 year but less than 5 years	1,604,813	2,323,395	1,139,062	2,148,656
	3,776,693	4,676,974	2,778,446	3,832,013
Less: Future finance charges	(187,080)	(294,141)	(137,612)	(253,844)
Present value of hire purchase	3,589,613	4,382,833	2,640,834	3,578,169
Present value of hire purchase:				
Within 1 year	2,030,810	2,113,517	1,531,029	1,525,422
More than 1 year but less than 5 years	1,558,803	2,269,316	1,109,805	2,052,747
	3,589,613	4,382,833	2,640,834	3,578,169
Analysed as:				
Due within 1 year	2,030,810	2,113,517	1,531,029	1,525,422
Due after 1 year	1,558,803	2,269,316	1,109,805	2,052,747
	3,589,613	4,382,833	2,640,834	3,578,169

The hire purchase liabilities bear effective interest at rates ranging from 3.66% to 7.24% (2017: 4.48% to 7.03%) per annum.

25. BORROWINGS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short Term Borrowings				
Secured:				
Term loans	5,053,932	20,115,077	-	-
Bank overdraft	15,853,947	16,105,838	6,899,211	6,873,063
Revolving credit	5,000,000	5,000,000	5,000,000	5,000,000
Unsecured:				
Short term loans	30,000,000	-	-	-
	55,907,879	41,220,915	11,899,211	11,873,063
Long Term Borrowings				
Secured:				
Term loans	73,345,246	54,808,946	-	-
Total Borrowings				
Term loans	78,399,178	74,924,023	-	-
Bank overdraft	15,853,947	16,105,838	6,899,211	6,873,063
Revolving credit	5,000,000	5,000,000	5,000,000	5,000,000
Short term loans	30,000,000	-	-	-
	129,253,125	96,029,861	11,899,211	11,873,063

Notes to the Financial Statements

25. BORROWINGS (Continued)

The maturity of the borrowings are disclosed in Note 41(a) to the financial statements.

(a) Term loans

Term loan 1 of a subsidiary of RM9,392,013 (2017: RM11,213,590) bears interest at 7.47% (2017: 7.22%) per annum and is repayable by monthly instalments of RM215,220 over 6 years commencing from 13th month from full drawdown and is secured and supported as follows:

(i) Legal charge over a freehold vacant land; and
(ii) Corporate guarantee of the Company.

Term loan 2 of a subsidiary of RM43,000,000 (2017: RM43,000,000) bears interest at 5.13% (2017: 5.10%) per annum and is repayable by 5 instalments of RM7,500,000 and a last instalment of RM5,500,000 and is secured and supported as follows:

(i) Legal charge over a vacant residential land;
(ii) Debenture over fixed and floating charge; and
(iii) Corporate guarantee of the Company.

Term loan 3 of a subsidiary of RM2,467,098 (2017: RM2,939,385) bears interest at 8.21% (2017: 7.85%) per annum and is repayable by monthly instalments of RM60,615 over 5 years commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over freehold agricultural land; and
(ii) Corporate guarantee of the Company.

Term loan 4 of a subsidiary of RM23,540,000 (2017: RM Nil) bears interest at 8.01% (2017: Nil) per annum and is repayable by monthly instalments of RM230,000 over 83 months and 1 final instalment of RM4.91 million commencing one month after full drawdown and is secured and supported as follows:

(i) Legal charge over a leasehold building;
(ii) Debenture incorporating a fixed and floating charges for all monies owing or payable under facility over all present and future assets of the subsidiary; and
(iii) Corporate guarantee of the Company.

(b) Bank overdrafts

The secured bank overdrafts of the Group and of the Company are obtained from local financial institutions and are secured as follows:

(i) Legal charges over the freehold land under development of the Group and of the Company;
(ii) Legal charges over the industrial lots of the Company; and
(iii) Facility agreement and corporate guarantee of the Company.

The bank overdrafts bear interest with rates ranging from 8.10% to 8.92% (2017: 8.60% to 8.67%) per annum.

(c) Revolving credit

The revolving credit of the Company bears interest of 6.07% (2017: 5.73%) per annum.

(d) Short term loans

The short term loans of the Company is unsecured, interest free and repayable on demand.

26. TRADE PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	11,871,233	12,514,441	3,254,801	2,581,225
Trade accruals	10,841,754	-	2,893,398	-
Contract retention sum	9,047,195	5,467,386	2,295,703	2,587,586
Amount due to contract customers (Note 16)	16,744,152	17,909,544	53,594,386	9,805,675
Progress billings in respect of property development costs	825,319	825,319	825,319	825,319
	49,329,653	36,716,690	62,863,607	15,799,805

The normal trade credit term granted to the Group and to the Company ranges from 30 to 90 (2017: 30 to 90) days.

Included in trade payables of the Group is an amount of RMNil (2017: RM28,937) owing to a company in which its director and major shareholder is related to a director of the Company.

27. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	9,898,720	10,344,162	3,105,248	107,602
GST payable	1,960,398	1,077,913	1,656,559	315,305
Deposits	8,956,526	9,373,012	8,900	8,900
Accruals	1,323,880	1,182,589	209,018	342,011
Dividend payable	5,165,025	-	5,165,025	-
	27,304,549	21,977,676	10,144,750	773,818

Included in other payables is:

(a) an amount of RM724,041 (2017: RM850,000) being advances from a third party. This amount is unsecured, bears interest of 8% (2017: 8%) per annum and is repayable on demand; and

(b) an amount of RM1,000,000 in the previous financial year due to non-controlling shareholders of a subsidiary who are also the directors of the Company. This amount is non-trade in nature, non-interest bearing, repayable on demand and expected to be settled in cash.

(c) an amount of RM5,000,000 being advances from a third party. This amount is non-trade in nature, non-interest bearing and repayable on demand.

Included in deposits of the Group is an amount of RM4,518,187 (2017: RM4,518,187) being security deposit received for the sale of a subsidiary of the Company as further disclosed in Note 44 to the financial statements.

28. AMOUNT DUE TO SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Trade	2,841,517	2,841,517
Non-trade	29,548,278	17,602,857
	32,389,795	20,444,374

The non-trade amount due to subsidiaries is unsecured, interest free and repayable upon demand in cash. The trade credit term is disclosed in Note 26 to the financial statements.

Notes to the Financial Statements

29. AMOUNT DUE TO DIRECTORS

The amount due to directors is non-trade in nature, unsecured, interest-free and payable upon demand in cash.

30. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Contract revenue	175,178,174	92,559,710	54,502,281	31,395,259
Property development	73,266,277	37,091,284	1,009,440	-
Water supply and services rendered	32,408,058	31,566,155	-	-
Dividend income from subsidiaries	-	-	2,512,500	24,530,201
Rental income	13,924,601	14,330,243	-	-
	294,777,110	175,547,392	58,024,221	55,925,460

Included in revenue from property development are revenue recognised based on the stage of completion method in respect of the property units sold amounting to RM72,256,837 (2017: RM37,091,284).

31. COST OF SALES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Contract cost	149,093,193	81,123,649	47,643,132	27,551,888
Property development cost	51,932,895	28,935,735	602,825	38,221
Operation and maintenance charges				
- water supply and services rendered	29,632,479	29,351,588	-	-
Direct operating expenses of investment properties	7,452,575	7,881,510	-	-
	238,111,142	147,292,482	48,245,957	27,590,109

Included in property development costs are cost of sales recognised based on the stage of completion method in respect of the property units sold amounting to RM51,330,071 (2017: RM27,360,144).

32. OTHER INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest income	9,847,383	10,284,092	6,665,619	7,184,835
Unrealised gain on foreign exchange	306,477	56,832	-	51,280
Gain on disposal of:				
- a subsidiary	45,630,390	-	-	-
- an associate	8,089,763	-	-	-
- property,plant and equipment	146,222	127,358	51,885	127,358
Rental income	472,466	480,292	43,200	8,000
Miscellaneous	1,058,070	666,022	162,945	171,667
	65,550,771	11,614,596	6,923,649	7,543,140

Notes to the Financial Statements

33. FINANCE COSTS

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Finance costs on:				
- Term loan	1,116,992	2,309,713	-	-
- Revolving credit	311,504	294,984	311,504	243,444
- Bank commitment	27,901	39,518	19,563	20,366
- Bank overdraft	1,350,861	612,856	580,840	395,998
- Hire purchase	69,540	74,235	3,228	11,829
	2,876,798	3,331,306	915,135	671,637

34. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at:

		Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
After charging:					
Auditors' remuneration					
- statutory audit		269,236	210,679	119,100	98,500
- under provision in prior year		31,084	28,700	8,500	15,000
- other services		5,500	30,000	5,500	5,000
Bad debts written off		283,933	597,662	-	329,400
Impairment loss on:					
- goodwill		2,857,868	545,151	-	-
- other investments		20,313,496	-	-	-
- trade receivables		-	804,170	-	-
Depreciation of:					
- property, plant and equipment		1,202,299	1,159,655	231,199	259,788
- investment properties		2,267,221	2,267,221	-	-
Interest expenses		2,876,798	3,331,306	915,135	671,637
Loss on foreign exchange					
- realised		94,485	-	82,328	-
- unrealised		1,980	203,564	-	-
Property, plant and equipment written off		16	1,718	13	839
Rental of premises		389,943	331,488	137,400	137,400
Staff and labour costs	(a)	3,757,537	3,570,735	861,699	1,207,658
Directors' remuneration	(b)	1,455,790	1,454,263	594,640	519,620
And crediting:					
Gain on disposal:					
- property, plant and equipment		146,222	127,358	51,885	127,358
- a subsidiary		45,630,390	-	-	-
- an associate		8,089,763	-	-	-
Unrealised gain on foreign exchange		306,477	56,832	-	51,280
Interest income		9,847,383	10,284,092	6,665,619	7,184,835
Rental income		472,466	480,292	43,200	8,000
Reversal of impairment loss on trade receivables		414,974	-	-	-
Management and administration fee		48,000	48,000	-	-

Notes to the Financial Statements

34. PROFIT BEFORE TAXATION (Continued)

(a) Staff and labour costs comprise:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Salaries,wages and bonus	3,345,652	3,189,602	769,036	1,065,799
Social security costs	35,109	34,857	8,559	9,094
(Decrease)/Increase in short term accumulating compensated absences	(10,051)	7,432	(10,051)	7,432
Contribution to defined contribution plan	386,827	338,844	94,155	125,333
	3,757,537	3,570,735	861,699	1,207,658

(b) Directors' remuneration costs comprise:

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Directors' fees	221,280	224,367	105,000	105,000
Salaries, bonus and other emoluments	1,169,280	1,147,780	489,640	414,620
Contribution to defined contribution plan	65,230	82,116	-	-
	1,455,790	1,454,263	594,640	519,620

35. TAXATION

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current tax				
- current year				
- Malaysian income tax	12,585,043	6,641,727	2,595,214	1,900,000
- Foreign income tax	2,894,543	3,409,784	-	
- Witholding tax	14,280	33,057	14,280	16,728
- prior years				
- Malaysian income tax	(104,540)	(59,387)	85,599	-
- foreign income tax	23,855	-	-	-
	15,413,181	10,025,181	2,695,093	1,916,728
Deferred tax (Note 12)				
- current year	(2,046,940)	(2,428,698)	-	-
- prior years	(1,607,549)	-	-	-
	(3,654,489)	(2,428,698)	-	-
Real property gain tax	2,207,053	-	-	-
	13,965,745	7,596,483	2,695,093	1,916,728

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

35. TAXATION (Continued)

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rates to tax expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Profit before taxation	84,195,009	20,490,800	11,624,276	31,245,544
Taxation at Malaysian statutory tax rate	20,206,802	4,917,792	2,789,826	7,498,930
Tax effects in respect of:				
Effect of tax rates				
in local jurisdictions	(1,159,495)	-	(123,419)	-
in foreign jurisdictions	578,521	685,262	-	-
Non-deductible expenses	2,583,966	1,683,444	531,807	366,853
Non-taxable income	(13,693,555)	(152,965)	(603,000)	(5,965,783)
Foreign witholding tax	14,280	33,057	14,280	16,728
Real property gain tax	2,207,053	-	-	-
Deferred tax assets not recognised during the financial year	3,637,447	64,511	-	-
Over provision of income tax in prior financial years	(302,677)	(59,387)	85,599	-
Share of results of associates	(115,696)	407,418	-	-
Share of results of joint ventures	9,099	17,351	-	-
	13,965,745	7,596,483	2,695,093	1,916,728

36. BASIC AND DILUTED EARNINGS PER SHARE

	Group	
	2018	**2017**
Profit attributable to shareholders of the Company (RM)	39,205,203	4,754,035
Weighted average number of ordinary shares	344,340,766	337,158,022
Basic earnings per share (sen)	11.39	1.41

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue, net of treasury shares, during the financial year.

The diluted earnings per share is equal to the basic earnings per share for the financial year 2018 and 2017 as there is no dilutive potential ordinary shares in issue.

37. DIVIDENDS

	Company	
	2018 **RM**	2017 **RM**
Recognised during the financial year:		
Dividends on ordinary shares:		
- single tier interim dividend for the financial year ended 31 March 2018: 1.5 sen per ordinary share, paid on 30 August 2017	5,165,025	-
- single tier interim dividend for the financial year ended 31 March 2018: 1.5 sen per ordinary share, paid on 10 April 2018	5,165,025	-
Share dividends:		
- final share dividend for 2016: 1 treasury share for every 25 existing ordinary shares held in respect of financial year ended 31 March 2017	-	10,330,420
	10,330,050	10,330,420

Notes to the Financial Statements

38. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Billings on contract work charge to subsidiaries	-	-	96,871,033	43,960,383
Interest income received/receivable from subsidiaries	-	-	6,593,645	6,839,462
Management fee received/receivable from a subsidiary	-	-	162,946	171,667
Rental of premises paid/payable to related party in which certain directors have interest in	300,000	300,000	109,800	109,800
Construction cost paid/payable to a company in which its director and major shareholder is related to a director of the Company	15,456,887	3,098,844	2,084,319	535,454

The information regarding outstanding balances arising from related party transactions as at reporting date is disclosed in Notes 18, 27, 28 and 29 to the financial statements.

(c) Key management personnel remuneration

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group as disclosed in Note 34(b) to the financial statements.

39. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise associates, joint ventures and corporate assets.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Business Segments of the Group is organised into four major segments which are civil engineering and construction, property development, property investments and investment holding, and water supply and services.

Notes to the Financial Statements

39. SEGMENTAL INFORMATION (Continued)

		Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
2018							
Revenue							
External sales		175,178,174	73,266,277	13,924,601	32,408,058	-	294,777,110
Inter-segment sales	(a)	54,502,281	-	-	-	(54,502,281)	-
Total revenue		229,680,455	73,266,277	13,924,601	32,408,058	(54,502,281)	294,777,110
Results							
Segment results	(b)	32,293,749	21,815,505	33,213,595	9,594,971	(10,290,167)	86,627,653
Finance costs		(418,523)	(1,445,470)	(1,012,805)	-	-	(2,876,798)
Share of results of associates		-	-	482,067	-	-	482,067
Share of results of joint ventures		-	-	(37,913)	-	-	(37,913)
Taxation		(5,644,807)	(4,810,508)	(606,145)	(2,904,285)	-	(13,965,745)
Non-controlling interests							(31,024,061)
Profit attributable to owners of the Company							39,205,203
Interest income		170,874	2,307,884	-	7,368,625	-	9,847,383
Assets and Liabilities							
Segment assets	(c)	44,888,129	637,497,224	113,860,743	108,263,485	(81,948,117)	822,561,464
Associates and joint ventures							87,301,063
Unallocated corporate assets							17,099,482
Consolidated total assets							926,962,009
Segment liabilities	(d)	118,027,001	118,566,347	36,218,110	2,841,687	(53,594,386)	222,058,759
Consolidated total liabilities							222,058,759
Other information							
Capital expenditure		2,067,525	6,107	17,770	-	-	2,091,402
Depreciation		1,745,141	29,660	2,301,936	-	-	4,076,737
Impairment loss on goodwill		576,129	1,726,902	10,058	544,779	-	2,857,868
Reversal of impairment loss on trade receivables		-	-	(414,974)	-	-	(414,974)
Non cash expenses other than depreciation		13	3	-	-	-	16

Notes to the Financial Statements

39. SEGMENTAL INFORMATION (Continued)

		Civil engineering and construction RM	Property development RM	Property investments and investment holding RM	Water supply and services RM	Elimination RM	Consolidated RM
2017							
Revenue							
External sales		92,559,710	37,091,284	14,330,243	31,566,155	-	175,547,392
Inter-segment sales	(a)	31,395,259	-	24,530,201	-	(55,925,460)	-
Total revenue		123,954,969	37,091,284	38,860,444	31,566,155	(55,925,460)	175,547,392
Results							
Segment results	(b)	15,887,303	6,389,679	27,766,088	11,365,886	(35,816,978)	25,591,978
Finance costs		(413,636)	(1,626,214)	(1,291,456)	-	-	(3,331,306)
Share of results of associates		-	-	(1,697,575)	-	-	(1,697,575)
Share of results of joint ventures		-	-	(72,297)	-	-	(72,297)
Taxation		(1,636,393)	(1,490,174)	(1,060,132)	(3,409,784)	-	(7,596,483)
Non-controlling interests							(8,140,282)
Profit attributable to owners of the Company							4,754,035
Interest income		367,733	105,566	63,982	9,746,811	-	10,284,092
Assets and Liabilities							
Segment assets	(c)	29,051,140	504,477,974	115,907,648	120,163,447	(32,637,847)	736,962,362
Associates and joint ventures							78,759,931
Unallocated corporate assets							19,967,231
Consolidated total assets							835,689,524
Segment liabilities	(d)	54,857,169	93,094,688	27,575,198	3,399,717	(9,805,675)	169,121,097
Consolidated total liabilities							169,121,097
Other information							
Capital expenditure		916,161	4,769	22,195	-	-	943,125
Depreciation and amortisation		1,269,155	136,998	2,526,030	-	-	3,932,183
Impairment loss on:							
- goodwill		545,151	-	-	-	-	545,151
- trade receivables		-	-	804,170	-	-	804,170
Non cash expenses other than depreciation and amortisation		839	-	879	-	-	1,718

39. SEGMENTAL INFORMATION (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities, and other material items are as follows:

(a) Inter-segment revenue

Inter segment revenues are eliminated on consolidation.

(b) Reconciliation of segment results

	2018 RM	2017 RM
Elimination of inter-segment finance costs	3,088,068	5,734,970
Elimination of inter-segment profits	7,202,099	30,082,008
	10,290,167	35,816,978

(c) Reconciliation of assets

	2018 RM	2017 RM
Inter-segment assets	81,948,117	32,637,847

(d) Reconciliation of liabilities

	2018 RM	2017 RM
Inter-segment liabilities	53,594,386	9,805,675

Geographical Segments

Revenue, property, plant and equipment and investment properties information based on the geographical location of customers and asset respectively are as follows:

	Revenue		Non-current assets*	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	262,369,052	143,981,237	485,616,377	503,127,887
Papua New Guinea	32,408,058	31,566,155	319,695	383,421
	294,777,110	175,547,392	485,936,072	503,511,308

* *Excluding other investments, deferred tax assets and operating financial assets.*

Revenue from one major customer amounting to RM32,408,058 (2017: RM31,566,155) relates to the sales from the water supply and services segment.

Notes to the Financial Statements

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The significant accounting policies in Note 2.4 to the financial statements describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Available for sale financial assets RM	Held to maturity RM	Financial liabilities at amortised cost RM	Total RM
Group					
2018					
Financial assets					
Operating financial asset	27,495,782	-	-	-	27,495,782
Other investments	-	51,267,395	595,445	-	51,862,840
Trade receivables *	64,347,254	-	-	-	64,347,254
Other receivables and deposits ^	2,591,424	-	-	-	2,591,424
Deposits with licensed financial institutions	70,126,366	-	-	-	70,126,366
Cash and bank balances	43,893,681	-	-	-	43,893,681
	208,454,507	51,267,395	595,445	-	260,317,347
Financial liabilities					
Trade payables #	-	-	-	20,918,428	20,918,428
Other payables, deposits and accruals @	-	-	-	25,344,151	25,344,151
Amount due to directors	-	-	-	3,700,618	3,700,618
Hire purchase payables	-	-	-	3,589,613	3,589,613
Borrowings	-	-	-	129,253,125	129,253,125
	-	-	-	182,805,935	182,805,935
Group					
2017					
Financial assets					
Operating financial asset	55,909,544	-	-	-	55,909,544
Other investments	-	-	595,445	-	595,445
Trade receivables *	24,730,648	-	-	-	24,730,648
Other receivables and deposits	4,267,609	-	-	-	4,267,609
Deposits with licensed financial institutions	43,196,575	-	-	-	43,196,575
Cash and bank balances	21,352,163	-	-	-	21,352,163
	149,456,539	-	595,445	-	150,051,984
Financial liabilities					
Trade payables #	-	-	-	17,981,827	17,981,827
Other payables, deposits and accruals	-	-	-	20,899,763	20,899,763
Amount due to directors	-	-	-	1,013,121	1,013,121
Hire purchase payables	-	-	-	4,382,833	4,382,833
Borrowings	-	-	-	96,029,861	96,029,861
	-	-	-	140,307,405	140,307,405

Notes to the Financial Statements

40. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	Loans and receivables RM	Available for sale financial assets RM	Held to maturity RM	Financial liabilities at amortised cost RM	Total RM
Company					
2018					
Financial assets					
Trade receivables, other receivable & deposits	1,811,717	-	-	-	1,811,717
Amount due from subsidiaries	259,949,323	-	-	-	259,949,323
Deposits with licensed financial institutions	1,807	-	-	-	1,807
Cash and bank balances	6,064,365	-	-	-	6,064,365
	267,827,212	-	-	-	267,827,212
Financial liabilities					
Trade payables #	-	-	-	5,550,504	5,550,504
Other payables, deposits and accruals	-	-	-	3,323,166	3,323,166
Amount due to subsidiaries	-	-	-	32,389,795	32,389,795
Amount due to directors	-	-	-	2,558,750	2,558,750
Hire purchase payables	-	-	-	2,640,834	2,640,834
Borrowings	-	-	-	11,899,211	11,899,211
	-	-	-	58,362,260	58,362,260
2017					
Financial assets					
Other receivables and deposits	532,989	-	-	-	532,989
Amount due from subsidiaries	204,267,615	-	-	-	204,267,615
Deposits with licensed financial institutions	1,754	-	-	-	1,754
Cash and bank balances	17,000	-	-	-	17,000
	204,819,358	-	-	-	204,819,358
Financial liabilities					
Trade payables #	-	-	-	5,168,811	5,168,811
Other payables, deposits and accruals	-	-	-	458,513	458,513
Amount due to subsidiaries	-	-	-	20,444,374	20,444,374
Amount due to directors	-	-	-	41,250	41,250
Hire purchase payables	-	-	-	3,578,169	3,578,169
Borrowings	-	-	-	11,873,063	11,873,063
	-	-	-	41,564,180	41,564,180

* *Amount due from contract customers were excluded from trade receivables.*

^ *Advances to sub-contractors and GST refundable were excluded from other receivables.*

\# *Progress billings in respect of property development costs and amount due to contract customers were excluded* from trade payables.

@ GST payables *were* excluded from other payables.

Notes to the Financial Statements

40. FINANCIAL INSTRUMENTS (Continued)

(b) Fair value of financial instruments

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(i) *Cash and cash equivalents, trade and other receivables and payables*

The carrying amounts of cash and cash equivalents, trade and other receivables, current operating financial assets and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of non-current trade receivables and operating financial assets are estimated by discounting future cash flows using current lending/borrowing rates for similar types of arrangements.

(ii) *Borrowings*

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of arrangements.

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair values except as follows:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
2018				
Financial assets				
Trade receivables (non-current)	1,936,000	1,936,000	-	-
Operating financial assets	27,495,782	27,495,782	-	-
Financial liabilities				
Hire purchase payables	3,589,613	3,591,781	2,640,834	2,638,081
2017				
Financial assets				
Trade receivables (non-current)	3,230,000	2,767,432	-	-
Operating financial assets	55,909,544	55,909,544	-	-
Financial liabilities				
Hire purchase payables	4,382,833	4,373,326	3,578,169	3,511,092

(c) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, the lowest level input that is significant to the fair value measurement as whole:

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

	Fair value of financial instruments not carried at fair value			
	Amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2018				
Group				
Trade receivables (non-current)	1,936,000	-	-	1,936,000
Operating financial assets	27,495,782	-	-	27,495,782
Hire purchase payables	3,591,781	-	3,591,781	-
Company				
Hire purchase payables	2,638,081	-	2,638,081	-
2017				
Group				
Trade receivables (non-current)	2,767,432	-	-	2,767,432
Operating financial assets	55,909,544	-	-	55,909,544
Hire purchase payables	4,373,326	-	4,373,326	-
Company				
Hire purchase payables	3,511,092	-	3,511,092	-

Policy on transfer between levels
The fair value of assets and liabilities to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

During the financial year ended 31 March 2018 and 2017, there was no transfer between the fair value measurement hierarchy.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk, foreign currency risk and liquidity risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

The following section provides details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from interest-bearing financial assets and financial liabilities. The Group's and the Company's interest-bearing financial assets include fixed deposits that are short term in nature and are held to earn a better yield than cash at banks. The fixed deposits placed with licensed banks at fixed rate expose the Group and the Company to fair value interest rate risk. The Group's and the Company's interest-bearing financial liabilities include hire purchase payables, term loans, bank overdrafts and revolving credit.

Notes to the Financial Statements

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk whilst finance lease payables at fixed rate expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the contractual interest rates as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 31 March 2018						
Fixed rate						
Financial assets						
Deposits with licensed financial institutions	19	2.50 - 3.75	70,126,366	-	-	70,126,366
Financial liabilities						
Hire purchase payables	24	3.66 - 7.24	2,030,810	1,558,803	-	3,589,613
Floating rate						
Financial liabilities						
Term loans	25	5.13 - 8.21	5,053,932	63,605,246	9,740,000	78,399,178
Bank overdraft	25	8.10 - 8.92	15,853,947	-	-	15,853,947
Revolving credit	25	6.07	5,000,000	-	-	5,000,000
			25,907,879	63,605,246	9,740,000	99,253,125
At 31 March 2017						
Fixed rate						
Financial assets						
Deposits with licensed financial institutions	19	1.25 - 3.48	43,196,575	-	-	43,196,575
Financial liabilities						
Hire purchase payables	24	4.48 - 7.03	2,113,517	2,269,316	-	4,382,833
Floating rate						
Financial liabilities						
Term loans	25	5.10 - 8.69	20,115,077	48,728,739	6,080,207	74,924,023
Bank overdrafts	25	8.60 - 8.67	16,105,838	-	-	16,105,838
Revolving credit	25	5.73	5,000,000	-	-	5,000,000
			41,220,915	48,728,739	6,080,207	96,029,861

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

	Note	Contractual Interest Rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Company						
At 31 March 2018						
Floating rate						
Financial assets						
Amount due from subsidiaries	18	8.65 - 8.90	94,459,229	-	-	94,459,229
Fixed rate						
Financial liabilities						
Hire purchase payables	24	5.03 - 5.87	1,531,029	1,109,805	-	2,640,834
Floating rate						
Financial liabilities						
Bank overdraft	25	8.92	6,899,211	-	-	6,899,211
Revolving credit	25	6.07	5,000,000	-	-	5,000,000
			11,899,211	-	-	11,899,211
At 31 March 2017						
Floating rate						
Financial assets						
Amount due from subsidiaries	18	8.85	83,090,584	-	-	83,090,584
Fixed rate						
Financial liabilities						
Hire purchase payables	24	4.48 - 7.03	1,525,422	2,052,747	-	3,578,169
Floating rate						
Financial liabilities						
Bank overdraft	25	8.67	6,873,063	-	-	6,873,063
Revolving credit	25	5.73	5,000,000	-	-	5,000,000
			11,873,063	-	-	11,873,063

Sensitivity analysis for interest rate risk

An increase in market interest rate by 100 basis points on financial assets and financial liabilities of the Group and of the Company which have variable interest rates at the reporting date would decrease the Group's but increase the Company's profit before tax by RM992,531 and RM825,600 respectively (2017: RM960,299 and RM712,175). This analysis assumes that all other variables remain constant.

A decrease in market interest rates by 100 basis points on financial assets and liabilities of the Group and of the Company which have variable interest rates at the reporting date would have had the equal by opposite effect on the profit before tax on the amount show above, on the basis that all other variables remain constant.

Notes to the Financial Statements

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and cash equivalents), the Group minimise credit risk by dealing exclusively with high credit rating counter parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position.

(ii) A nominal amount of RM135,687,643 (2017: RM100,193,776) relating to corporate guarantees to bank and other financial institutions for credit facilities granted by the Company to subsidiaries and associates.

(iii) A nominal amount of RM19,600,000 (2017: RM4,899,468) relating to corporate guarantees to bank and other financial institutions for credit facilities granted by the Group and the Company to the associates.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 16 to the financial statements. Deposits with banks and other financial institutions and quoted investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Inter-company balance

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Financial guarantee contacts

The Company is exposed to credit risk in relation to corporate guarantees in respect of bank facilities granted to certain subsidiaries, trade payables of subsidiaries and associates. The Company monitors the results of the subsidiaries and their repayment on an on-going basis.

As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised as the fair value on initial recognition was immaterial since the financial guarantee provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.

Credit risk concentration profile

As at the end of the reporting period, the Group has concentration of credit risk in the form of outstanding owing by 1 (2017: 1) customer represents 16% (2017: 23%) of total receivables respectively.

(c) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The Group does not have any significant exposure to foreign currency risk.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Group					
At 31 March 2018					
Financial liabilities					
Trade payables #	31,760,182	31,760,182	31,760,182	-	-
Other payables, deposits and accruals @	25,344,151	25,344,151	25,344,151	-	-
Amount due to directors	3,700,618	3,700,618	3,700,618	-	-
Hire purchase payables	3,589,613	3,776,693	2,171,880	1,604,813	-
Borrowings	129,253,125	147,092,664	62,738,044	73,568,247	10,786,373
Financial guarantee contracts	-	19,600,000	19,600,000	-	-
	193,647,689	231,274,308	145,314,875	75,173,060	10,786,373
At 31 March 2017					
Financial liabilities					
Trade payables #	17,981,827	17,981,827	17,981,827	-	-
Other payables, deposits and accruals @	20,899,763	20,899,763	20,899,763	-	-
Amount due to directors	1,013,121	1,013,121	1,013,121	-	-
Hire purchase payables	4,382,833	4,676,974	2,353,579	2,323,395	-
Borrowings	96,029,861	115,066,249	47,494,226	66,926,364	645,659
Financial guarantee contracts	-	4,899,468	4,899,468	-	-
	140,307,405	164,537,402	94,641,984	69,249,759	645,659
Company					
At 31 March 2018					
Financial liabilities					
Trade payables #	8,443,902	8,443,902	8,443,902	-	-
Other payables, deposits and accruals @	8,488,191	8,488,191	8,488,191	-	-
Amount due to subsidiaries	32,389,795	32,389,795	32,389,795	-	-
Amount due to directors	2,558,750	2,558,750	2,558,750	-	-
Hire purchase payables	2,640,834	2,778,446	1,639,384	1,139,062	-
Borrowings	11,899,211	11,899,211	11,899,211	-	-
Financial guarantee contracts	-	99,500,000	99,500,000	-	-
	66,420,683	166,058,295	164,919,233	1,139,062	-

Notes to the Financial Statements

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

	Carrying amount RM	Contractual undiscounted cash flow RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
Company					
At 31 March 2017					
Financial liabilities					
Trade payables #	5,168,811	5,168,811	5,168,811	-	-
Other payables, deposits and accruals @	458,513	458,513	458,513	-	-
Amount due to subsidiaries	20,444,374	20,444,374	20,444,374	-	-
Amount due to directors	41,250	41,250	41,250	-	-
Hire purchase payables	3,578,169	3,832,013	1,683,357	2,148,656	-
Borrowings	11,873,063	11,873,063	11,873,063	-	-
Financial guarantee contracts	-	100,193,776	100,193,776	-	-
	41,564,180	142,011,800	139,863,144	2,148,656	-

\# Progress billings in respect of property development costs and amount due to contract customers were excluded from trade payables.

@ GST payables were excluded from other payables.

42. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios as at 31 March 2018 and as at 31 March 2017 were as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	49,329,653	36,716,690	62,863,607	15,799,805
Other payables, deposits and accruals	27,304,549	21,977,676	10,144,750	773,818
Amount due to subsidiaries	-	-	32,389,795	20,444,374
Amount due to directors	3,700,618	1,013,121	2,558,750	41,250
Hire purchase payables	3,589,613	4,382,833	2,640,834	3,578,169
Borrowings	129,253,125	96,029,861	11,899,211	11,873,063
Less: Cash and cash equivalents	(114,020,047)	(64,548,738)	(6,066,172)	(18,754)
Net Debt	99,157,511	95,571,443	116,430,775	52,491,725
Equity attributable to the shareholders of the Company	545,598,071	525,977,143	388,915,937	390,348,959
Capital and net debt	644,755,582	621,548,586	505,346,712	442,840,684
Gearing Ratio	15%	15%	23%	12%

There were no changes in the Group's approach to capital management during the financial year.

The subsidiaries of the Company are required to maintain certain gearing ratio for its borrowings granted by financial institutions. The subsidiaries have complied with this capital requirement as at the financial year end.

43. NON-CANCELLABLE OPERATING LEASE RECEIVABLES

Operating lease commitments - as lessor

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2018	**2017**
	RM	**RM**
- Not later than one year	8,397,857	7,994,043
- More than one year and not later than five years	9,822,954	7,334,488
	18,220,811	15,328,531

44. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Titi Kaya Sdn Bhd ("TK"), a 48.33% subsidiary of the Company, had completed the disposal in NPO Builders Sdn Bhd ("NPO") on 20 October 2017. The gain on disposal amounting to RM45.6 million was taken up in the current financial year results of the Group. The Group had received 31,159,913 shares of Titijaya Land Berhad ("TLB") as the sales consideration in addition to the 17,205,554 TLB shares for the repayment of amount owing by NPO to the Group.

45. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18 April 2018, the Company entered into a Share Sale Agreement with a third party for the disposal of 27,500,000 ordinary shares in Titijaya Land Berhad for a cash consideration of RM19,937,500.

46. MATERIAL LITIGATION

(a) A purported claim of RM787,882 together with interest and cost has been made by Syarikat Bina Setia Jasa ("SBSJ"), a sub-contractor, against Brem Maju Sdn. Bhd. ("BMSB"), a subsidiary company of the Company in respect of claim on contract works performed. BMSB contested the claim and has taken up counsel on the matter with the solicitors. SBSJ's application for summary judgement was dismissed with cost on 12 October 1995. An application to strike out the claim has been made by BMSB and on 9 February 2006, the Court had granted an order in terms of BMSB's application with costs. SBSJ filed an appeal to Judge In Chambers and the appeal was dismissed with costs on 22 June 2006. On 21 July 2006, SBSJ has filed an appeal to the Court of Appeal. The Court has allowed costs of RM84,364 inclusive of interest of 8% per annum from 23 June 2009 till full date of full realisation and the Allocatur fee of RM6,755 to be paid by SBSJ to BMSB. The Order and the Allocatur has been filed on 26 July 2010 and the same is pending extraction from the Court. The decision of the Judgement Debtors' application to set aside the bankcruptcy Notice was filed on 18 July 2012. The matter was fixed for hearing on 26 July 2012 and it was dismissed with costs to be paid by the Judgement Debtors to BMSB. On 3 August 2012, the Creditor's Petition was filed and an Adjudication and Receiving Order was recorded against SBSJ for failure to satisfy the judgement sum and interest to BMSB. On 15 October 2012, the Proof Debt Form and General Proxy have been filed with the Official Assignee's office. The creditor's meeting was on 12 September 2013. There has been no development since 12 September 2013.

(b) Intan Kemuncak Sdn. Bhd. ("IKSB"), a subsidiary company of Brem Holding Berhad, commenced an action against Koperasi Celcom Berhad ("KCB") on 23 April 2002 for RM5,643,021, being the damages resulting from the unlawful termination by KCB of a joint venture agreement dated 30 July 1999 entered into between IKSB and KCB ("JVA"), relating to a housing project development. KCB had on 25 June 2002 filed its defence and made a counter claim against IKSB for breaching the terms of the JVA, which allegedly led to the termination of the JVA and KCB suffering damages amounting to RM13,586,580. IKSB has on 5 July 2002 filed in its defence to KCB's counter claim. The application of summary judgment by IKSB was dismissed by the Senior Assistant Registrar and IKSB filed in an appeal to the Judge in Chambers against the decision of the Senior Assistant Registrar. The summary judgement was obtained against KCB with damages to be assessed by the Court on 9 April 2004. However, KCB has filed in an appeal to the Court of Appeal against the decision of the High Court Judge on 29 April 2004. KCB has on 6 December 2004 obtained the order to file the Record of Appeal out of time. There has been no development since then.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

We, **TAN SRI DATO' KHOO CHAI KAA** and **KHOO CHAI THIAM**, being two of the directors of BREM HOLDING BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 37 to 105 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....

TAN SRI DATO' KHOO CHAI KAA
Director

....

KHOO CHAI THIAM
Director

Date: 17 July 2018

STATUTORY DECLARATION

pursuant to Section 251(1) of the Companies Act 2016

I, **TAN SRI DATO' KHOO CHAI KAA**, being the director primarily responsible for the financial management of BREM HOLDING BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 37 to 105 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....

TAN SRI DATO' KHOO CHAI KAA

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor Darul Ehsan on 17 July 2018.

Before me,

WONG CHOY YIN (B 508)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of Brem Holding Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brem Holding Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 105.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill on consolidation (Note 13 to the financial statements)

The Group's goodwill is allocated to property development and property investment segments. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgements by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections.

Our response:
Our audit procedures, among others:

- assessing the recoverable amount based on valuation methodology adopted by the Group in accordance with the requirements FRS 136 *Impairment of assets;*
- comparing the actual results with previous budget to assess the performance of the business and the reliability of the forecasting process;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Independent Auditors' Report
to the members of Brem Holding Berhad

Key Audit Matters (Continued)

Revenue and cost of sales recognition for property development business and construction business (Note 30 and 31 to the financial statements)

We focused on this area because the amount of revenue and corresponding cost of sales recognised for property development activities and construction business require the Group to apply significant judgement. The revenue and corresponding cost of sales are recognised based on the estimated total revenue and costs, the extent of costs incurred to date and the stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:
Our audit procedures, among others:

- challenging the Group' major assumptions by comparing to contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the project managers to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificate or progress report and the physical completion; and
- checking the mathematical computation of the recognised revenue and corresponding cost of sales recognised during the financial year.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report
to the members of Brem Holding Berhad

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report
to the members of Brem Holding Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng	**Andrew Choong Tuck Kuan**
No. AF 0117	No. 03264/04/2019 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 17 July 2018

ANALYSIS OF SHAREHOLDINGS
as at 29 June 2018

SHARE CAPITAL

Issued and fully paid-up capital	:	RM172,736,172
Total Number of Issued Shares	:	345,472,344 (inclusive of 1,188,634 Treasury Shares)
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per Ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
1 to 99	216	5.57	8,637	0.00
100 to 1,000	215	5.54	69,615	0.02
1,001 to 10,000	1,979	50.99	9,328,736	2.71
10,001 to 100,000	1,269	32.70	33,805,570	9.82
100,001 to less than 5% of issued shares	199	5.13	121,655,516	35.34
5% and above of issued shares	3	0.08	179,415,636	52.11
TOTAL	3,881	100.00	344,283,710	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

NO.	NAME	SHAREHOLDINGS	%
1	BREM PROPERTIES SDN. BHD.	93,552,196	27.17
2	TAN SRI DATO’ KHOO CHAI KAA	50,698,772	14.73
3	WAWASAN EKUITI SDN. BHD.	35,164,668	10.21
4	AFFIN HWANG NOMINEES(TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BREM PROPERTIES SDN. BHD.	6,780,548	1.97
5	AFFIN HWANG NOMINEES(TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BOND RESOURCES SDN. BERHAD	6,026,953	1.75
6	AFFIN HWANG NOMINEES(TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FOR CLASSICAL GLORY SDN. BHD.	5,937,024	1.72
7	HSU, CHING-FU	5,468,200	1.59
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LOW YEW HWA	5,264,195	1.53
9	TAN SRI DATO' YAP SUAN CHEE	5,256,388	1.53
10	CLASSICAL GLORY SDN. BHD.	4,936,478	1.43
11	TASEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : TA INVESTMENT MANAGEMENT BERHAD FOR PEMBANGUNAN SUMBER MANUSIA BERHAD (PSMB)	4,158,000	1.21
12	KHOO CHAI THIAM	2,813,261	0.82
13	TAN JIN TUAN	2,722,720	0.79

Analysis of Shareholdings
as at 29 June 2018

LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

NO.	NAME	SHAREHOLDINGS	%
14	KOPERASI JAYADIRI MALAYSIA BERHAD	2,580,000	0.75
15	CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	2,300,800	0.67
16	TRADEMA HOLDINGS SDN.BHD.	2,261,608	0.66
17	HLB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ONG KING SENG	2,019,500	0.59
18	KINGSLEY LIM FUNG WANG	1,880,000	0.55
19	GLOBAL ASSET TRUSTEE(M) BERHAD BENEFICIARY : RONFIELD LIMITED	1,830,000	0.53
20	TASEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	1,639,700	0.48
21	LTK (MELAKA) SDN BHD	1,594,320	0.46
22	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR GOH SWEE MOI	1,500,000	0.44
23	TAN JIN TUAN	1,378,060	0.40
24	HLIB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TENG SIEW KEAN	1,275,861	0.37
25	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : MAYBANK TRUSTEES BERHAD FOR LIBRA EQUITYEXTRA FUND	1,214,900	0.35
26	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : LIBRA INVEST BERHAD FOR LAM SOO HENG @ LAM SEO HAN	1,130,900	0.33
27	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : MAYBANK TRUSTEES BERHAD FOR LIBRA INCOMEEXTRA FUND	1,074,100	0.31
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN.BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,061,985	0.31
29	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	1,044,000	0.30
30	KHOO PING KAW	1,000,000	0.29
		255,565,137	74.24

Analysis of Shareholdings
as at 29 June 2018

SUBSTANTIAL SHAREHOLDERS
(as shown in the register of substantial shareholders)

	No. of Ordinary Shares			
Name of Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
1. Tan Sri Dato' Khoo Chai Kaa	50,698,772	14.73	100,332,744	29.14
2. Puan Sri Datin Lee Lei Choo	-	-	151,031,516	43.87
3. Wawasan Ekuiti Sdn. Bhd.	35,164,668	10.21	-	-
4. Musa Bin Abas	150,000	0.04	35,164,668	10.21
5. Brem Properties Sdn. Bhd.	100,332,744	29.14	-	-
6. Norhayati Binti Ali Polah	-	-	35,164,668	10.21

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	No. of Ordinary Shares			
Directors' Name	**Direct**	**%**	**Indirect**	**%**
The Company				
Tan Sri Dato' Khoo Chai Kaa	50,698,772	14.73	100,332,744	29.14
Khoo Chai Thiam	3,631,637	1.05	-	-
Low Yew Hwa	5,264,195	1.53	-	-
Wong Miow Song	-	-	-	-
Dato' Hj. Abu Sujak Bin Hj. Mahmud	-	-	-	-
Khoo Hui Keam	-	-	-	-
Khoo Hui Giok	-	-	-	-

By virtue of his interest in the ordinary shares in the Company and pursuant to Section 8 of CA 2016, Tan Sri Dato' Khoo Chai Kaa is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

	No. of Ordinary Shares of HK$1 each			
Directors' Name	**Direct**	**%**	**Indirect**	**%**
Subsidiary Companies:-				
a. Brem Oversea Investments Pte. Limited				
Low Yew Hwa	600,000	5.00	-	-

	No. of Ordinary Shares			
	Direct	**%**	**Indirect**	**%**
b. Brem Maju Sdn. Bhd.				
Tan Sri Dato' Khoo Chai Kaa	1,779,080	29.75	-	-
Low Yew Hwa	598,010	10.00	-	-
Khoo Chai Thiam	598,010	10.00	-	-

	No. of Ordinary Shares of K1 each			
	Direct	**%**	**Indirect**	**%**
c. Brem Maju (PNG) Limited				
Tan Sri Dato' Khoo Chai Kaa	1	0.0004	-	-
Low Yew Hwa	1	0.0004	-	-

PROPERTIES HELD BY THE BREM GROUP OF COMPANIES

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2018 RM '000
BREM HOLDING BERHAD					
PT 19658-19697, 19869-19870,19873 19927-20035, 23824 Mukim of Sungai Pasir, District of Kuala Muda, Kedah Darul Aman.	Development land - vacant	07/01/1994	23.84 acres	Freehold	34,180
PT 4657-4660, 4663, 4667, 4669,4672-4674, 4678-4684, 4688-4700, 4704-4706, 4724, Mukim of Pinang Tunggal, District of Kuala Muda, Kedah Darul Aman.	Development land - vacant	07/01/1994	84.07 acres	Freehold	13,038
COSMO-ONE REALTY SDN BHD					
Lot 7, Jalan 222, Petaling Jaya, Selangor Darul Ehsan.	Factory building for rental	04/09/1996	1.21 acres	Leasehold Expiring on 20/07/2065	7,751
NAGA ISTIMEWA SDN BHD					
PT 14218, 14221 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Investment property for rental - retail cum office complex	26/10/1995	2.74 acres	Leasehold Expiring on 01/08/2095 Age: 10 years	103,701
HARMONY PROPERTY SDN BHD					
Lot 80940 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Property under development	31/03/2005	7.22 acres	Freehold	236,606
Lot No. 2868-2870 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005	5.94 acres	Freehold	17,653
Lot No. 2520-2522 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005 17/11/1995	5.94 acres	Freehold	8,149
Lot No. 2494 - 2496, 2519 Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	31/03/2005 10/10/1995	7.94 acres	Freehold	8,244

Properties Held by the Brem Group of Companies

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2018 RM '000
Lot 1919, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land -vacant	08/04/2011	3.0 acres	Freehold	28,492
Lot 2 & Lot 9, District of Petaling, Selangor Darul Ehsan	Development land -vacant	15/03/2011	7.59 acres	Leasehold Expiring on 16/05/2065	64,978
Lot 5114 & PT 1157, Mukim of Ulu Kelang, District of Kuala Lumpur, Wilayah Persekutuan.	Development land -vacant	19/11/2010	33.28 acres	Leasehold Expiring on 05/04/2083 & 9/11/2083	111,240
BREM MAJU SDN BHD					
Lot 4649, WC/S - 5, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan. (WC 23, Antah Tower, Off Jalan Kuching, 51200 Kuala Lumpur)	Single bedroom apartment for rental	03/11/1986	58.71 sq m.	Freehold Age: 30½ years	70
BREM MAJU (PNG) LIMITED					
Allotment 2, Section 516, Waigani Drive, Hohola, NCD, Papua New Guinea.	3-storey residential house	15/03/2003	0.06 acre	Leasehold Expiring on 28/05/2095 Age: 14 years	279
TITI KAYA SDN BHD					
PT 27609-PT 27611, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	21/10/1995	12.43 acres	Freehold	2,847
PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	30/12/1996 09/05/1997	161.82 acres	Freehold	26,267

Properties Held by the Brem Group of Companies

Location	Description/ Existing use	Date of acquisition	Area	Tenure/ Age of building	Net book value as at 31 March 2018 RM '000
ENG ANN REALTY CO. (KLANG) SDN BHD					
Lot No. 3328-3330, 2900 & PT 252 (Formerly 3325), Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/06/1994	4.70 acres	Freehold	3
Lot 6469 & 1674, Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/01/1994	0.1 acre	Freehold	6
Lot 15377, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/01/1994	5.31 acres	Freehold	1,537
PT 27612 & PT 41705 (Formerly as Grant 30380, Lot 84), Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Development land - vacant	10/06/1994	109.88 acres	Freehold	203
INTAN KEMUNCAK SDN BHD					
Lot 1918, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan.	Development land - vacant	24/07/2014	3.06 acres	Freehold	25,619

BREM HOLDING BERHAD (66756-P)
Incorporated In Malaysia

Proxy Form

37th Annual General Meeting

I/We ....
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

Company No. .... / NRIC No.(new) .... (old) .... of

....
(FULL ADDRESS)

being a Member/Members of BREM HOLDING BERHAD hereby appoint ....

NRIC No.(new) .... (old) .... of ....
(FULL ADDRESS)

.... or failing *him/her .... NRIC No.(new) .... (old) ....

of ....
(FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at the Crown Hall, 1st Floor, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 September 2018, at 10.30 a.m. and at any adjournment thereof. *(*Strike out whichever is not desired)*

The proportions of *my/our shareholdings to be represented by *my/our proxy(ies) are as follows :-
Proxy 1 ________%
Proxy 2 ________%
________%

(Should you desire to direct your Proxy as to how to vote on the Resolutions set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' benefits		
3.	Re-election of Mr. Low Yew Hwa as Director		
4.	Re-appointment of Messrs. Baker Tilly Monteiro Heng as Auditors		
5.	Ordinary Resolution - Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
6.	Ordinary Resolution - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	Ordinary Resolution - Proposed Renewal of Authority For Share Buy-Back		
8.	Ordinary Resolution - Proposed Provision of Financial Assistance		
9.	Ordinary Resolution - Continuing in Office of Mr. Wong Miow Song as Independent Non-Executive Director		
10.	Ordinary Resolution - Continuing in Office of Dato' Hj Abu Sujak bin Hj. Mahmud as Independent Non-Executive Director		

Dated this ____________ day of ________________________ 2018

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

____
Signature / Common Seal of Member(s)

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two (2) proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an Exempt Authorised Nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the EAN may appoint in respect of each omnibus account it holds.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at 3rd Floor, BREM House, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for the meeting or any adjournment thereof.
5. **General Meeting Record of Depositors**
   For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 57(c) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 12 September 2018 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

Fold this flap for sealing

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Affix
stamp

The Company Secretary

BREM HOLDING BERHAD (66756-P)
3rd Floor, BREM House
Crystal Crown Hotel
No. 12, Lorong Utara A
Off Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan

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www.bremholding.com

BREM HOLDING BERHAD (66756-P)
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46200 Petaling Jaya, Selangor Darul Ehsan.